



Daily Report

East Europe

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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Yugoslavia

Federal—The Government said that the Yugoslav Army has “no obligations” in Bosnia-Herzegovina and that “only” the Army of the Serb Republic of Bosnia-Herzegovina is “empowered to protect territories populated by Serbs,” TANJUG reports. Serbs in Herzegovina had earlier appealed to the FRY to send troops to combat Croatian advances in the region, and President Dobrica Cosic suggested in a letter to UN Secretary-General Butrus Butrus-Ghali that Yugoslav Army troops might intervene to protect Serbs in Herzegovina.

Poland

During a visit to Washington, Defense Minister Janusz Onyszkiewicz said that the United States had “admitted the possibility” of broadening NATO membership “after certain period of time,” PAP reports. Onyszkiewicz added that Poland’s potential acceptance into NATO could “in fact occur much sooner” than its entrance into the European Community.

Bulgaria

The ethnic Turkish Movement for Rights and Freedoms (DPS) continues to demand three ministerial posts and a deputy premiership in its negotiations with the Union of Democratic Forces (SDS) on forming a governing coalition, BTA reports. Although Prime Minister-elect Filip Dimitrov, an SDS member, said that there are “no considerable differences” between the parties, the two sides continue to disagree on whether to grant the Ministry of Justice to the DPS.

Czechoslovakia

Prague Radio reports that the constitutional law on the division of the Federation’s assets was not endorsed by the Czech part of the Chamber of Nations. “Only 19 votes were in favor, rather than the 46 required.” Although the bill was passed on the Slovak side and in the People’s Chamber, it had not been endorsed. However, after a recommendation from the arbitration committee, the bill was passed by the Federal Assembly. “The chambers expressed agreement with a suggestion that the article comprising the application of the historical principle in dividing the property of the Federation be deleted.” Chairman Filip Sedivy said that “the question as to when the session will be resumed is open.”

Ministry Protests Yugoslav Tolls on Danube

AU1611195092 Sofia BTA in English 1931 GMT 16 Nov 92

[Text] Sofia, November 16 (BTA)—In connection with the unilateral and unwarranted introduction of transit dues for foreign ships on the Yugoslav section of the River Danube, a note was handed at the Ministry of Foreign Affairs today to a representative of the embassy of the Federal Republic of Yugoslavia (Serbia and Montenegro). The note voices protest over the inadmissible halting of Bulgarian ships for the collection of dues, imposed in contravention of the provisions of the 1948 Convention Concerning the Regime of Navigation on the Danube, and resolutely insists on the revocation of these dues.

SDS Discusses Possible DPS Role in Cabinet

AU1611190892 Sofia Khorizont Radio Network in Bulgarian 1730 GMT 16 Nov 92

[Text] The SDS [Union of Democratic Forces] parliamentary group has ended its meeting at which the SDS deputies discussed the new cabinet's draft program. The government's program document is 30 pages long, but together with the appendices and normative documents it may run to 300 pages, Mrs. Zlatka Ruseva told reporters today.

The issues discussed today by the SDS parliamentary group included the permissible parameters for the Rights and Freedoms Movement [DPS] to take part in the government. The SDS deputies shared the common view that the SDS and DPS should sign a political agreement before the government proposes the final version of the new cabinet.

The SDS parliamentary group firmly adheres to the position that at the moment the parameters for a coalition cabinet with the DPS boils down to the DPS being given one deputy prime minister's post on social issues, a ministerial post in the social welfare field and two or three deputy ministers' posts.

Dimitrov Comments on Meeting

AU1611150392 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 16 Nov 92

[Text] Today the leaders of the parties and organizations in the Union of Democratic Forces [SDS] held a meeting lasting almost four hours. Before the meeting, Filip Dimitrov, chairman of the SDS National Coordinating Council and candidate for prime minister, said that the SDS National Coordinating Council and parliamentary group would finalize the positions from which the SDS would continue the negotiations with the representatives of the Rights and Freedoms Movement [DPS] on the composition of the new cabinet. When he left the SDS Coordinating Council offices at 134 Rakovski Street in Sofia, Filip Dimitrov said that the SDS has a clear understanding of what issues are of fundamental importance for it, and it will not retreat on these issues. Here is a recording made by our correspondent Elena Shtereva of Mr. Dimitrov's statement:

The point of what the SDS National Coordinating Council is doing is not whether we will weigh the ministries by the kilogram, like sacks of potatoes. The point is that by all the rules of the art of politics we face the situation of a major change in the actual balance of the political forces in Bulgaria. The SDS has assumed its responsibility toward its electors and the country in the name of something, and in the name of this follows certain program goals. We are prepared, even in a confused, further complicated situation with many more negative aspects than would appear if things were evolving normally, nonetheless to assume the responsibility to achieve these goals. On the other hand, we do not agree in any way merely to pretend to govern the country if these things cannot be realized.

This issue is not connected with ministries, nor is it so much a matter of names. The issue is whether we—of course, with all the losses we have suffered as a state from the economic aspect, because this almost two-month-long period of tension has had a very bad effect on the Bulgarian economy, and we will see the fruits of this during the next few months—this issue is whether, despite all of this, we can attempt to complete our historic mission. If this possibility exists, we will do it, but if it does not exist, we have not committed ourselves to be ministers, let alone form a government.

Slovakia Offers To Build, Finance Hungarian Dam

AU1711120192 Prague CSTK in English 2132 GMT 15 Nov 92

[Text] Bratislava, Nov 15 (CSTK)— At talks in Brussels on the Gabčíkovo-Nagymaros twin-dam hydroelectric project on the Danube Slovakia will propose to build and finance the construction of the Nagymaros Dam on Hungarian territory, Julius Binder, director of the Water Management Construction Company, told the Slovak news agency TK SR today.

He said the completion of the project would ensure the navigation of the 200-km long section of the Danube with an annual shipment of 400 million tonnes of freight. Binder said one 9,000-tonne vessel sailing from Budapest to Bratislava might save 4,000 liters of oil in this part of the river.

Answering the question who is willing to finance the construction, Binder said he could name dozens of foreign firms which would give money already to Slovakia and not to Czechoslovakia. He said it is no problem for Slovakia to obtain an unlimited credit for the construction. According to him, Slovakia is capable to build Nagymaros in two and a half or three years.

Treaties With Czechs, Slovaks To Be Extended

AU1611134092 Prague CSTK in English 2214 GMT 13 Nov 92

[Text] Prague, Nov 13 (CSTK) — The European Parliament's rapporteur for the European Community (EC) Association Agreement with Czechoslovakia, Jannis Sakellariou, said today he will propose the EC agreements with soon-to-be independent Czech and Slovak Republics to be extended in comparison with the current, still valid Czechoslovakia-EC Association Agreement.

Speaking with journalists at the close of his three-day visit to Czechoslovakia, Sakellariou said that except for these extensions, the draft new association agreements will not probably undergo any other changes. Current export quotas, divided between the two republics according to their mutual accord, would remain untouched, Sakellariou said.

In the European Parliament, he intends to propose the draft agreements to be extended in the fields of arms exports, ethnic minorities' rights and the environment. The current EC Association Agreement with the Czechoslovak Federation does not include the issue of arms production and exports, and considers them the individual states' internal affair. The draft agreements for the two successor republics would anchor the right of the EC countries as well as of the Czech or Slovak Republics to comment on their partners' arms exports. Similar principle would be applied in the field of ethnic minorities' rights, Sakellariou explained.

The agreement's extension concerning the environment should provide for all environment-unfriendly projects to be discussed at an international level. The proposals should promote the EC cooperation with the Czech and Slovak Republics. In no way are they aimed at the newly associated countries' discrimination, Sakellariou stressed. The envisaged split of the Czechoslovak federation will take place January 1, 1993.

Today Sakellariou met with Czechoslovak Foreign Minister Jozef Moravcik, Deputy Foreign Minister Zdenko Pirek, Czech Deputy Foreign Minister Pavel Bratinka, and former Czechoslovak President Vaclav Havel.

Havel Views Constitution, Cooperation With Klaus

AU1611143392 Prague RUDE PRAVO in Czech 10 Nov 92 p 2

[Report by Alexander Mitrofanov: "V. Havel Is Not Against All People Having Their Say in the Direct Election of the President"]

[Text] Prague (own report) — The Civic Moment's initiative to collect signatures in support of direct election of the Czech Republic president reflects a "certain feeling in society, that is, that it would be good if people had an opportunity to have their say in something." This is what Vaclav Havel said at a briefing on 9 November, when asked by a RUDE PRAVO reporter. According to him, the Czech National Council should decide whether there should be a plebiscite.

He stressed that it would be good if there were another candidate for the Czech president, and he added that he would not shun any debate with him. Not mentioning various technical complications, I must say that transforming the federal deputies into the senate does not seem the most fortunate thing to me, Havel stressed. According to him, there is no law from which it would follow by what majority the Czech National Council should adopt the Czech constitution. "It is a general custom that a constitution is adopted by a larger majority, that is, more than by 50 percent, and most likely, by three-fifths. This will depend on a decision taken by the Czech National Council," he said.

To limit the right of the president to return laws to parliament for debate only if constitutional laws are involved—which the latest draft of the government's draft constitution contains—would mean, according to Havel, to disturb relations within the entire system of the constitutional system. He would consider it very unfortunate if the Federal Assembly did not pass a law on the termination of the federation, since this would create a negative reaction abroad.

V. Havel said that he believed that "it is possible to find a way to be able to consider the communist era a period to which the statute of limitation would not apply, but without introducing retroactivity in the law." He said that this depended on the legislative organ and the

Constitutional Court. According to Havel, a long-term stay in prison—or elimination from public life—for having fought for human rights does not constitute a basis for professional qualification, but it is proof of moral trustworthiness, which is necessary for holding office. "As regards P. Uhl, I gained the impression that he had run CSTK quite well and professionally," he added.

According to Havel, he and Klaus are trying to provide information on the steps they take and eliminate any negative impression from potential misunderstandings between them. Havel said that he wanted to attend A. Dubcek's funeral. He also presented his "new spokesman and press secretary in one person, who is my private employee, so to speak," he said. His spokesman is former television reporter L. Spacek.

Meciar Discusses Domestic, Foreign Issues

AU1711103592 Bratislava PRAVDA in Slovak 12 Nov 92 pp 1, 3

[Interview with Slovak Prime Minister Vladimir Meciar by Frantisek Melis and an unidentified TK SR correspondent; in Bratislava on 11 November: "Slovakia—Europe's South Korea? With Vladimir Meciar on German Marks, Left-Wing Democrats, and Journalistic Ethics"]

[Text] Yesterday at 0830 Slovak Prime Minister Vladimir Meciar, accompanied by his deputies Roman Kovac and Milan Knazko, came to the vestibule of the National Council of the Slovak Republic to express grief at the death of Alexander Dubcek by signing the book of condolences. Speaking to journalists, the prime minister then assessed the personality of Alexander Dubcek:

"He was a person that was very close to me and only a few weeks before his death we discussed his life. Although there were some mistakes, in the discussion he was looking for solutions pointing to the future," the Slovak prime minister said. "He saw his mission in the unification of left-wing forces in the Czech Republic and in Slovakia and his idea of Czechoslovakism had two distinct nuances that have never been presented in public. He saw and respected Slovakia's right to statehood and at the same time he was afraid of a right-wing development in Bohemia that could jeopardize left-wing forces. He therefore hoped that the status quo in the constitutional arrangement would be maintained for some more time. We was not a dyed-in-the-wool Czechoslovakist, but his stand was shaped by his apprehensions about possible persecution of left-wing forces [in the Czech Republic]. He was looking for his successor in Slovakia and promised to tell me his name by the end of this year." Vladimir Meciar went on to explain that, by criticizing Alexander Dubcek, the Movement for a Democratic Slovakia [HZDS] was pressuring him to assume more explicit national positions and that he was one of its candidates for the post of Slovak president.

The prime minister then replied to questions from PRAVDA and TK SR.

[Question] Why did you express your grief at the death of Alexander Dubcek relatively so late?

[Meciar] I was on a visit to Germany and by the time I returned from Munich, all the newspapers had gone to press. Right from Munich I sent a telegram to the bereaved family and on the night of 8 November, I and Federal Assembly Chairman Michal Kovac agreed that we would bid a dignified farewell to Alexander Dubcek at a state funeral held in Slovakia. On Monday, we were in Zidlochovice for talks [with the Czech Government] and our duties on Tuesday did not permit us to pay tribute to him until today. All conjectures about our bad relationship are therefore speculations.

[Question] What was the main purpose of your short trip to Munich?

[Meciar] The trip was not short, it lasted more than two days. I met with representatives of banks, business circles, and important German corporations, whom I asked whether they were ready to help Slovakia by investing here. They, in turn, asked what conditions we would prepare for them. When we added up the financial resources promised by them, we arrived at the sum of 1 trillion marks [as published].

[Question] Is this sum realistic?

[Meciar] After five hours of talks with them we determined that it is. At the end they said that, if we deliver what we promised, it will pay to invest in Slovakia. In their opinion, realistic prerequisites exist for Slovakia to become in Europe what South Korea is in Asia. We were exploring ways of transferring activities from the German side to Slovakia still this year and next year and the projects we discussed could yield something.

[Question] Why do you say "could"?

[Meciar] Because they set unequivocal conditions. Slovakia must be politically stable, otherwise they will invest their money where stability is guaranteed. They asked me, furthermore, to guarantee the stability of the government and that it is going to fulfill what I said. Though it was not easy for me, I gave them my word. Likewise, I guaranteed that the entry of foreign capital would be protected and that we would open communication links to the east. In their opinion, Slovakia is the most promising of all the countries that promise them to open access roads to Russia.

[Question] Did you also discuss the utilization of the Gabcikovo project?

[Meciar] Positions in Germany on the Gabcikovo issue are mostly neutral. What is important for us is that Hungary has not yet succeeded in making 12 states support its perception of the developments in this matter as a crisis. We will draw conclusions in this matter only after the [EC] commission of experts delivers its opinion.

[Question] At a citizens' rally in Bratislava, you spoke critically about the activities of the Party of the Democratic Left [SDL]. In an interview for our daily, SDL Chairman Peter Weiss rejected your accusations.

[Meciar] The SDL criticizes the government. I am only asking whether this is the right time for it, whether it is appropriate at a time when the government has unresolved issues with Hungary and the Czech Republic and when criticism creates for it a very difficult situation also at home. I acknowledge the right of parties to voice reservations about the government and it would be a weak cabinet that would not be able to rebut them. However, what worries me in this regard is the claim that the SDL should guarantee social peace. I do not understand this because social peace is guaranteed by the trade unions and the SDL cannot arrogate them. We do not do so either.

[Question] What is your view of future relations with the SDL?

[Meciar] I assess the prospects of relations as constructive and good. The SDL, too, is looking for ways of influencing Slovak political life but I do not think that it has always chosen adequate means for that. It is paying school fees so that it can learn to be better in the future. If they criticize the government for not fulfilling its social and legislative program, at least half the blame rests with them and Peter Weiss personally. He is responsible for the legislative area in the National Council of the Slovak Republic and has received from the government several proposals on how to do his job differently and how to improve it. We also dislike the SDL's stand in the Federal Assembly because it essentially wants to invalidate the results of elections in Slovakia.

[Question] What are you referring to?

[Meciar] Without consulting us, the SDL came up with the initiative to incorporate Federal Assembly deputies into the present National Council of the Slovak Republic. In this way the HZDS would find itself in a minority, being short of seven votes, which would force it to enter into a coalition, and this would not be the proper thing. Because the situation half a year from now cannot be predicted, a coalition with the SDL would break up our movement at present. The situation need not be the same later. The SDL wants to incorporate Federal Assembly deputies, the result of which would be a change in the balance of political forces as determined by the elections. When we proposed a compromise to them, the creation of a second chamber of the Slovak parliament, they rejected this and instead called for early parliamentary elections. In the present situation, early elections could cause a six-month delay of all economic and social matters, which is exactly what they want.

[Question] In my opinion, the SDL, together with other parliamentary opposition parties, is overtly shaping a coalition directed against the HZDS. Would it not be possible to resolve the situation by means of talks

between the HZDS and these parties, something which the HZDS has been neglecting?

[Meciar] Your supposition is artificial. The differences between the Christian Democratic Movement [KDH] and the SDL are so big that a coalition between them is impossible. The same applies, analogously, to the KDS [Christian Democratic Party] and Coexistence. If they feel compelled to join forces with the KDH, I wish them good luck in their policy. Since you raised the issue of talks, I would like to emphasize that it was the HZDS that invited members of the SDL Club of Deputies for talks. They did not come, however. We meet every Monday in the following composition—myself, Roman Kovac, Milan Knazko, Jozef Prokes, Peter Weiss, Augustin Maria Huska, and Ivan Gasparovic—and spend three to four hours discussing political activities of the preceding week. If Peter Weiss denies this, it is his own business, just as it is his business how he disseminates information from these meetings. Given the atmosphere of rash attacks by the SDL on the HZDS, we have determined that consultations with the SDL must wait until its positions become more realistic. We are going to hold talks then. As for Coexistence and the Hungarian Christian Democratic Movement, we held talks with them at the level of clubs of deputies in the Slovak parliament. Official talks between the HZDS and other political parties will be held in the near future. I would like to stress one more thing and I am curious whether or not you will publish it. The SDL has launched this whole campaign because the government is inquiring into the management of the property of the Communist Party of Czechoslovakia. So far we have discovered that a sum of over 200 million korunas is missing and the SDL's fear that we will be consistent—and we shall be consistent—has made it resort to views that are not politically appropriate at this time.

[Question] Is this not a certain form of blackmail?

[Meciar] Who is blackmailing whom?

[Question] The government, or the HZDS, the SDL, or am I wrong?

[Meciar] We notified the SDL of this inquiry a long time ago and told it that property of the Communist Party of Czechoslovakia belongs to the people. We want to know what happened to this property. And we have ascertained that, instead of being acquired by the people, it has been acquired by anyone. We must give it to the handicapped and the unemployed. If the SDL has dissociated itself from the policy of the former Communist Party of Czechoslovakia and if it is clean, why should it get excited? After all, nothing unlawful has ever been done to anyone in this country.

[Question] Why do you, unlike Czech politicians, shun interviews with journalists?

[Meciar] Every relationship is two-sided. A few days ago the newspaper RUDE KRAVO and the Kosice periodical DOMINO published articles about me, according to

which I had raped a 14-and-a-half and a 17-year-old girl, that I beat my wife, and that I have committed criminal acts. Not a single journalist has raised a protest against this, so what kind of information culture are you defending? If I am to show respect for the journalists' trade, let journalists themselves protect their honor.

Foreign Minister Discusses Slovakia's Relations

AU1611140892 Bratislava NARODNA OBRODA in Slovak 12 Nov 92 p 3

[Interview with Slovak Foreign Minister Milan Knazko by Ivan Horsky; place and date not given: "Let Us Efface Slovakia's Controversial Image"]

[Text] Bratislava—Recent days and weeks on the domestic and also on the European political scene have been too hectic, I believe. Slovakia has not always been spoken about in a positive manner. This is why Ivan Horsky asked Milan Knazko, Slovak deputy prime minister and Slovak foreign minister, for an interview.

[Horsky] You have visited France and Austria recently. I assume that your talks were aimed, above all, at cooperation between independent Slovakia and these two, for us, indisputably important partners.

[Knazko] France and Austria will become very important partners to the Slovak Republic. They are quite aware of the fact that there will soon be two independent states on the territory of the existing Federation. This is why they want, even today, to draft the main features of our bilateral relations and make sure that political dialogue and economic cooperation—and other cooperation, too—will be on the same, if not even higher, levels of cooperation as they are with the existing federation. The objective of my talks was to assure them that they really will be so.

[Horsky] I assume that in Paris you also discussed the project to build a subway in Bratislava, a project that has a wider, even a pan-Slovak dimension. It has even been whispered that the Slovak prime minister's visit to France was conditional on the approval of this project.

[Knazko] This is not the way the French side formulated it. However, it is true that the French Government is interested in French firms winning a major project in Slovakia. Based on a technical and financial analysis, their government decided not to recommend it, despite the fact that there is a natural interest in French capital in Slovakia.

[Horsky] Several days ago, you spoke with the Austrian Foreign Minister about Vienna-Bratislava relations. The Gabčíkovo problem could have, to a certain extent, a negative impact on them, since Austria is interested in good relations with all its neighbors.

[Knazko] In connection with Gabčíkovo, Mr. Mock stressed this, and he also stressed their principle of neutrality, particularly if there are disputes involving

their immediate neighbors. We appreciate such an attitude. I provided him with information that, owing to the EC commissions, the Gabčíkovo water dam project is getting to where it should be—in the spheres of energy production, water management, etc....

[Horsky] On that occasion, did you discuss Prime Minister Meciar's proposal that Austria support the completion of Gabčíkovo in exchange for having the nuclear units in Jaslovské Bohunice put out of operation?

[Knazko] No, our partners did not expand on this idea. It is not topical today, anyway. Such a straight course of action would not be the most efficient one. This is why I, too, did not suggest it.

[Horsky] Last week, the public was excited about the case of the transporter that had been taken out of service and reached—in a manner that is yet not quite clear—the Sudan as a "sample for sale." Various institutions and people are tossing this around like a hot potato. Did they consult, in this case, your ministry?

[Knazko] We are in a transitional period, with the Federation being terminated, and the republics gaining its powers, including in the sphere of foreign trade and licensing. A final situation will arise after the New Year. According to the Slovak National Council's law on offices of the state administration, this matter will fall within our jurisdiction. In view of the fact that Slovakia has a relatively large arms production capacity, there will be a special government commission established to control this sector as of 1 January 1993.

The fact that each case of exporting military technology brings about foreign policy implications supports the argument that this commission should be headed directly by the foreign minister.

[Horsky] When talking about these, so to speak, misunderstandings, let us say that there was a relatively disagreeable affair, to put it mildly, surrounding the proposal to conclude a new Slovak-German treaty after independence is declared.

[Knazko] We must distinguish two things: First, the Czech and the Slovak Republics' smooth entry onto the international scene is conditioned by our obligation—and, in fact, it is our obligation—to meet the Federation's obligations, and we want to meet these honestly. It is also in our interests. Another thing is that the development of relations of the new entities with foreign countries may be enriched by new forms of cooperation, which requires that they should be mentioned in a treaty. I feel sorry that the Slovak prime minister's statement was not understood in that way. We had to explain it not only in the Czech lands, but also in other European countries, which have treaties with Germany. I believe we managed this task satisfactorily.

[Horsky] Well, to tell you the truth, I believe that you have said it too diplomatically. In this connection, I

would like to ask you how much has Slovakia's less than positive image improved abroad?

[Knazko] This is not a task for our Slovak Foreign Ministry alone. Slovakia's good reputation abroad cannot be the result of foreign policy activities alone—or one sector, or one chief. We will not achieve this goal by occasionally pushing objective information into the foreign media, or in talks with our foreign partners. They often draw attention to the fact that our image is being built, above all, in Slovakia itself.

I am going to tell you openly what they are asking us most often, aside from the minority issue, of course. They are asking whether our mass media have sufficient access to the top echelons of power, whether reporters are not labeled as better, or worse according to how "faithful" they are to the government, etc....

[Horsky] In reference to this, the case of Trnava University raised much attention abroad. If I am correctly informed, even the Committee for Academic Freedom in the United States had to deal with this case. This must be your personal concern, since you were one of the two moderators in the student-organized protests that led, later on, to the fall of the communist regime.

[Knazko] I realize this connection, and I perceive it very sensitively. As a student, I would probably not attend the lectures of some professors of Trnava University, but as a member of the government, I must consider the wider context and avoid confronting elements in domestic policy, elements that do not contribute to creating a positive image of Slovakia abroad.

[Horsky] Slovakia has taken several independent steps, with respect to the world, the quality of which will become apparent only later. There is, logically, a question as to whether the Slovak Republic has prepared its concept for foreign policy, which it will implement as of 1 January 1993.

[Knazko] There is a draft of this concept. We have discussed the principal parts of it with our top political scientists and other experts, and also in the National Council of the Slovak Republic. This means, the deputies from all the parliamentary parties have had a chance to air their opinions. Anyway, the thing is to reach a basic consent regarding foreign policy. This is quite a normal phenomenon in all the democratic countries around us, and it is verbally vital when there is a new entity being established.

It is a well-known fact that it is important to create an appropriate milieu in domestic policy, too. We must try, despite our natural differences, to make our internal political relations civilized, and to balance our general policy, which we will need badly in year zero of our existence. I consider this to be the alpha and omega of my activity in the government, which I am representing abroad.

Federation Termination Bill Recommended for Approval

LD1611180592 Prague CSTK in English 1719 GMT 16 Nov 92

[Text] Prague, Nov 16 (CSTK)—The commissions of the Czech and Slovak parliaments agreed today on a draft resolution of the two parliaments, recommending the federal parliament to speedily discuss and approve a constitutional bill on the termination of the Czechoslovak Federation.

After the meeting of the two commissions in Jihlava, South Moravia, Czech Parliament Vice Chair Jiri Vlach (Civic Democratic Party) said the two parliaments will discuss the resolution on Tuesday [17 November]. The Federal Assembly (parliament) thus can deal with the constitutional bill on ending the federation, together with our standpoints immediately the following day, Vlach said.

Slovak Parliament Vice Chair Augustin Marian Huska (Movement for a Democratic Slovakia) said: We have accepted everything and we have found common language.

Vaclav Havel To Run for Czech Presidency

LD1611180092 Prague Stanice Ceskoslovensko Radio Network in Czech 1700 GMT 16 Nov 92

[Text] Vaclav Havel officially announced today his intention to run for the office of president of the Czech Republic. In a statement he says that he is aware of the responsibility for political conditions in the Czech Republic and therefore he wants to have influence over these conditions. The office of the president—if the constitution defines it in a way that would confer on it appropriate authority—provides a great opportunity for this.

I have decided to run for the post of President, Vaclav Havel stresses, to promote, by executing my powers and by public activities, the things that I would be promoting even if I were not president—that is, the creation of stable conditions imbued with the spirit of freedom, justice, mutual trust, and common responsibility.

He further expresses his support for the Czech Government coalition in its efforts to divide the Federation in a calm, legal, and civilized way, which would not have a fatal impact on the good relations between the two newly emerging states and their citizens.

In Vaclav Havel's view, it is necessary to support the coalition in its efforts to consolidate the democratic political system and continue the transformation of the economy. Vaclav Havel regards the division of Czechoslovakia as not only a technical and administrative act but also as a major spiritual, mental, and social operation. The atmosphere in which it will take place will predetermine our life for many years. Vaclav Havel stresses in his statement today that it is therefore of vital

importance for us at this very moment to try to find in ourselves and cultivate around us solidarity, unity, and humanity and breathe it into the social life of the country.

Deputy Cites Havel on Presidential Elections

AU1611134192 Prague CSTK in English 1000 GMT 13 Nov 92

[Text] Prague, Nov 12 (CSTK)—Former Czechoslovak President Vaclav Havel does not insist on a direct election of the first Czech president, Marek Benda, Czech National Council (Parliament) deputy from the Christian Democratic Party (KDS), told journalists today.

He was speaking after a meeting of members of the Czech parliament commission for drafting a Czech Constitution with Havel, who is as yet the only candidate for Czech president. Benda said Havel voiced certain reservations about the preamble of the government draft Czech constitution, which he thinks should be shorter and more concise.

We think that in a number of things Havel's proposal is better than the preamble drafted by the government, Benda said. Havel's spokesman Ladislav Spacek emphasized that Havel's suggestions concerning the powers of the future Czech president are not motivated by his personal interest.

In the course of his presidency Vaclav Havel gained immense experience with the functioning of the constitution. He is naturally interested in the constitution being a balanced document, Spacek said. The government draft Czech constitution was passed to the Czech Parliament for debate on Tuesday [10 November]. The draft is divided into eight chapters starting with the preamble.

The meeting with Havel was attended by representatives of the Civic Democratic Party (ODS), the Civic Democratic Alliance (ODA), the Christian Democratic Party (KDS), the Christian Democratic Union-Czechoslovak People's Party (KDU-CSL), and the Liberal Social Union (LSU).

ODU Decides To End Party's Activities

AU1711120792 Prague CSTK in English 1633 GMT 15 Nov 92

[Text] Prague, Nov 15 (CSTK)—The Civic Democratic Union (ODU) decided to end its activities at its republican congress held in Lucenec, Central Slovakia, November 14. ODU First Deputy Chairman Ivan Miklos said on television today. He said the decision on ending the party's existence is to take effect after it is endorsed in a party's referendum due to take place within three months.

Miklos said the end of the party does not mean the end of the civic right in Slovakia. The need of creating a conservative party in Slovakia is more urgent now than ever before, he said.

The Civic Democratic Union emerged in March 1992 from the Civic Democratic Union-Public Against Violence (ODU-VPN). The ODU-VPN appeared from VPN, the strongest political movement in Slovakia after the November 1989 revolution.

[Prague CESKY DENIK in Czech 16 November on page 2 carries a 250-word CSTK report on the ODU congress in Lucenec, which includes the following passage: "An initiative group has been established in Slovakia that is preparing the founding of a new conservative party. According to ODU First Deputy Chairman Ivan Miklos, members of the initiative group do not include any former or present ODU members, but the group has offered to Jan Langos and Ivan Miklos not only a place in the preparatory group but also in the work of this newly emerging political entity. Ivan Miklos ruled out, however, that the founding of this new political party could be interpreted as a transformation of the ODU."]

Klaus Calls for Equal Taxation of Foreign Firms

AU1611150792 Prague CSTK in English 1125 GMT 13 Nov 92

[Text] Prague, Nov 12 (CSTK) — Czech Premier Vaclav Klaus told a South Bohemian businessmen's meeting today that he saw no reasons why foreign firms in Czechoslovakia should be paying lower taxes than domestic enterprises. Klaus made a one-day visit to Pisek to attend the businessmen's session, a town hall meeting, and to inspect a local factory.

Speaking to the town's residents Klaus mentioned the nearby nuclear plant Temelin now under construction. This is a problem, which must be viewed in a broader context, he said. The future of our energy policy seems to me untenable without nuclear power. It would only be a populist thing for a politician to do, to aver that nuclear power is unnecessary.

Klaus added that the government would meet shortly to discuss skyrocketing meat prices but would not regulate them again. While at the Elektropriroba (electrical devices) company Klaus cautioned Czechoslovak enterprises not to blindly believe the foreign consultants they often unnecessarily hire. They charge too much for their services and often are ignorant of a detailed business environment in which our companies operate, Klaus said.

Kocarnik Explains Budgetary Results, New Draft

AU1711101392 Prague METROPOLITNI TELEGRAF in Czech 7 Nov 92 p 1

[Report by "(min)": "It Is Likely that There Will Be Customs on the Republics' Borders"]

[Text] Prague—The Federation's three budgets ended up with a deficit of 7.5 billion korunas by the end of October. Czech Finance Minister Ivan Kocarnik announced that yesterday. Of this, 2.2 billion was in the federal budget, the same amount in the Czech Republic, and 3.1 billion in Slovakia. The reason for the deficit is, according to the finance minister, a repayment of last year's loan to the Czechoslovak State Bank amounting to 3.7 billion korunas. According to expectations, however, the budget should be completely balanced by the end of the year.

At present, the ministry is working intensively on the first independent 1993 budget of the Czech Republic, whose income—and expenditures, too, in principle—are estimated at between 355 and 365 billion korunas, which amounts to between 45 and 48 percent of gross national product. One of the main goals of the Czech budgetary policy is to be concerned with a sound and balanced financial situation. "We are building on the fact that it is pernicious to increase the state's debt. Not only would this have latent inflationary effects, but it would also make the servicing of the debt more difficult in the future," Ivan Kocarnik added.

He also stressed that there was a lively debate last week as to whether tax reform will be implemented on 1 January 1993 or not. The Czech Government is determined to launch it, and according to reports from Slovakia, the situation there is similar.

The minister also reacted to concerns in cities and localities about the putative cuts in the budget by the end of the year. He said that a great deal of responsibility for the fact that administration organs do not have sufficient information lies with the former government, which did not have the courage to draw attention to the possibility of such a development.

On the subject of forecasts for the next year he said that a 13 to 17-percent inflation was expected, and tax reform, exactly, is one of the reasons causing its growth. The average unemployment rate should be around 5 percent, while at the end of the year, it should be higher than at the beginning of the year, due to bankruptcies and the privatization process.

Minister Ivan Kocarnik also announced that, at the meeting of the economy ministers, it had been recommended that the government should, at the meeting in Zidlochovice, approve the setting up of customs borders between the Czech Republic and the Slovak Republic. At the given stage, however, it is impossible to actually build customs offices, and this is why the mechanism for redistributing the duty payments between the republics is being drafted.

Knazko Opposes Meciar's Statement on Arms Exports

AU1611142892 Prague HOSPODARSKE NOVINY in Czech 13 Nov 92 p 3

[CSTK report: "V. Meciar Has Surprised M. Knazko"]

[Text] If there is a market in "politically risk-free countries" for the products of the Slovak arms industry, then, according to Slovak Prime Minister Meciar, "the government will do nothing to stop these exports." V. Meciar confirmed in an interview yesterday that the Slovak Government had discussed this matter.

When asked whether such a course of action did not contradict the Federation's laws, he said: "Those are mere opinions, but the interpretation of the law is up to the Constitutional Court." In this connection he said that the right of the Federal Foreign Trade Ministry to issue licenses in this sphere had ceased to exist in 1990, after the so-called power-sharing bill had been passed. The Slovak prime minister confirmed the fact that he was preparing a trip to the Russian Federation, but he ruled out the possibility that its purpose would be to ensure a market for Slovak arms. Slovak Foreign Minister Milan Knazko was surprised by Vladimir Meciar's declaration that Slovakia will lift restrictions on the production and sales of weapons. This is what he said in an interview with the BBC yesterday, and he stressed that there is still one body that decides on arms exports—and the Federation is this body. He also said that in the future, after the independent Slovak Republic is established, these matters will be decided by the Slovak Government, but for the time being, such steps are inappropriate.

Andrejcek on Effect of Army Split on Partition

AU1611121992 Prague METROPOLITNI TELEGRAF in Czech 12 Nov 92 p 3

[Interview with CSFR Defense Minister Imrich Andrejcek by Pavla Grunthalova; place and date not given: "Redeployment Perfectly Secured"]

[Excerpt] [passage omitted] [Grunthalova] Not so long ago, a report appeared in our papers that reserve Colonel J. Repasky had become the chairman of the Association of Slovak Soldiers, replacing Mr. Socha. It seems rather strange to me that, at the same time, he is also the chairman of Federal Assembly Defense and Security Committee. What is your opinion on that?

[Andrejcek] I do not see anything strange in it. Professional soldiers must not be politically active, and deputies are allowed to by members of any associations, if this is not contrary to the constitution. The fact that the Association of Slovak Soldiers very often vehemently opposes individual members of the Army Command, is another thing. I believe that this is just cheap shot. I do haven't lost any sleep over it.

[Grunthalova] Is there a difference in the opinion of the Slovak Government and the Association of Slovak Soldiers as regards the question who is a "Federal Slovak"?

[Andrejcek] The Association of Slovak Soldiers does not represent the opinion of the Slovak Government. Mr. Meciar said in no uncertain terms that when the armies are established anyone who asks may serve in them.

[Grunthalova] What do you say to General Tuchyna's statement that a Slovak home guard should be established?

[Andrejcak] In our Army, there have been units for many years that can perform the function of a home guard. A home guard consists of military forces with a precisely defined object to protect. They are troops and units protecting a particular object, which could be an area, a nuclear power station, a radio transmitter, etc. We have such units. They are relatively few in peacetime, but in war, however, we would have more of them. However, the principle is, that in one state only one man can have the Armed Forces under his command. If there is a home guard, territorial defense, marine, air force, and ground force in one country, then it does not matter, since all of them have one supreme commander. It would be a danger if the Army command were not unified.

[Grunthalova] What is the reason, in your opinion, that Slovakia does not consider reducing the length of military service? Is that not contradictory to the military doctrine?

[Andrejcak] I do not know under what circumstances Mr. Tuchyna said it, but my intention was, and I was

convinced about it, that military service should be cut to 12 months next year. However, I think that conditions for further reduction in the length of the military service will be given in two or three years. I have the impression, that the minister wanted to indicate that no further cuts in the length of military service are being considered for the time being.

[Grunthalova] Minister, you have been an officer for a long time and you know the Army well. Do you really believe that it is true—what our Army and government officials say—that the Army will not be misused when the country is partitioned? Will the Army fulfill only the functions that it really has?

[Andrejcak] The division of the Army is a complicated process. The organizational solution of the division is acceptable to both republics. So far, we have not seen any indication that anyone within the Army would like to violate this principle. I do not see any reason why there should be tension within the Army. I cannot rule out bad intentions, but the entire staff of commanders is working to ensure that the organizational peace is not violated. I do not doubt that the staff of commanders realize what overstepping the limits would mean, and they will prevent it.

Privatization Official Views Banking System

AU1611160292 Budapest UJ MAGYARORSZAG in
Hungarian 13 Nov 92 p 7

[Interview with Imre V. Csuha], cabinet head at the Ministry in Charge of Privatization, by Laszlo Doczy; place and date not given: "The Privatization of the Banking System Starts"]

[Text] Some people regard the pace of our domestic bank privatization as too slow. However, given the important economic role of the financial system, the State Property Agency believes in thorough preparations and careful privatization. We asked Deputy State Secretary Imre V. Csuha about the state of this privatization process.

[Csuha] Although the public thinks that we are talking primarily about the privatization of the so-called large banks, probably because of the decisive role they are playing in our economy, the privatization of the banking system will also affect all the financial institutions that are directly part of state property. There are about fifty banks in Hungary today, and about one quarter are affected by privatization, mainly the larger banks.

[Doczy] Which banks are expected to be privatized first?

[Csuha] The first phase of the privatization will affect the large banks, and this is the major phase of the entire privatization process. We have divided the large banks into two groups. The first group is made up of the Hungarian Foreign Trade Bank, the Hungarian Credit Bank, the Budapest Bank, and the Commercial Bank. The National Savings Bank [OTP] and the Postal Bank are not included in this group.

The real beginning of bank privatization took place with the passing of the relevant laws in 1991 and at the beginning of 1992. This privatization would have not been able to start without the relevant legislation being enacted. The direct work on bank privatization began in the spring of 1992. The government adopted the basic principles of the bank privatization strategy on 8 April 1992. As is well known, by the end of 1997, the proportion of direct state ownership in various banks will not exceed 25 percent. The main goal of the Hungarian bank privatization process is to strengthen the Hungarian banks, rather than to achieve increased income. The basic principles of this strategy stipulate that the banks should primarily involve strategic investors, because all our banks require development. In addition, our future ownership structure will also count on the appearance of domestic and foreign large and small financial investors. An important principle is that this privatization cannot lead to a situation in which the Hungarian banking system is controlled by a given foreign group; naturally, this does not mean that a foreign investor will be forbidden from achieving a majority shareholding in some Hungarian banks.

[Doczy] How is the privatization of the first four banks progressing?

[Csuha] The emergence of dubious demands is a serious problem at most of our commercial banks. We must find a solution to this as soon as possible, because the privatization of a financially unstable bank is different from that of a financially stable bank. According to the decision of the bank privatization committee, privatization will be carried out by a two-tier process made up of a preselection process and subsequent bids. This process will probably begin at the end of November or the beginning of December this year. The first transaction is expected to take place in the first half of 1993. We expect the privatization of a bank to take between six and 12 months. The privatization of the other two large banks can also start within a year, and the small banks will not have to wait until the large banks are privatized.

[Doczy] Many people think that this privatization should be faster and less meticulous. What is your opinion about this?

[Csuha] No one can state responsibly that all the four banks can be privatized quickly. This is also impossible because we are not only talking about selling these banks, but also about developing the entire banking system, something that requires both a good strategy and time. We are not talking here about the selling of shares, something that can be accelerated artificially; in other words, it is not the state's goal to get rid of its shares in a given bank.

[Doczy] Mainly foreign partners could be potential buyers for our banks. What if our large banks become the property of foreign investors?

[Csuha] The various advisory banks know the Hungarian banks and they are also present and active in the Hungarian economy; so these foreign banks have a real picture of our banking system. Foreign banks do not yet have a national chain here and, without this, they cannot provide serious credits. However, in the course of this privatization, foreign banks will also become owners of national chains, including the entire business and partner network of our large banks. As a result of the aforementioned risk-limitation measures, the restrictive force that currently prevents many financial institutions from providing credits will also decrease. Foreign banks recently offered to invest in agricultural credits if the state provides the 70-percent guarantees for their investments, too. The considerable interest displayed by the advisory banks in Hungarian privatization also shows that the international banking system has confidence in the Hungarian economy. By their bids, the various international financial institutions are forecasting an upsurge in the Hungarian economy.

Finance Minister Describes Budget Battle

AU1611093592 Budapest UJ MAGYARORSZAG in
Hungarian 9 Nov 92 pp 1,7

[Interview with Finance Minister Mihaly Kupa by Laszlo Doczy; place and date not given: "The Finance

Minister on the Budget Debate—People Who Destroyed the Economy Have Turned Into Reformers”]

[Text] In a radio interview last week, the personal future of Mihaly Kupa was also raised in connection with the difficult position of the budget and Hungary's economic prospects. This raised doubts in some people: Perhaps, even the finance minister himself does not fully believe that Parliament can be made to accept the budget and that its contents can be implemented. Has anything happened in the past few days that can give rise to a more pessimistic view of the future and is there any particular reason for the latest news that the minister is soon to leave his position? We interviewed Mihaly Kupa on these issues.

[Kupa] All such rumors are nonsense. I continue to trust in the future of the Hungarian economy. As for the future and the problems, the situation is as follows. If the 1992 budget amendment and the 1993 budget can be passed, and if I can complete the agreement with the IMF at the end of the year, then I certainly will not be laden with as many problems as I am now. Naturally, in addition to this, I will have to ponder about what I want to do at the 1994 elections.

[Doczy] It is perhaps the Hungarian Socialist Party that is attacking the budget most vehemently. They state among other things that the gross national product is decreasing because of the government's bad economic policy and this is why the revenues are low; and the expenditure is high because the leadership dares not touch the big distribution systems.

[Kupa] If we start from the premise that a political trend spoils the country's position for 40 years, and then its followers have become big reformers in the past two years, then we must see that this criticism lacks a moral basis. They claim that we destroyed the country in two years and the financial achievements we show are only superficial. Hungary does not have any external payment problems. The real value of our exports has increased for the first time in 20 years, while inflation is decreasing and so are interest rates. It is a fact that, in certain regions, whole industries are ruined and there are very many unemployed throughout the country. I also admit that the reform of the big distribution systems is slow. However, it cannot be said that we have not done anything when we introduced the principle of need in the welfare law, which some people pejoratively call the poverty policy. We are trying to introduce a modern system and get away from equal distribution: We give to those in need and will not support people who do not need this.

[Doczy] The opposition and the government both claim that the lack of certain institutions hinders economic growth and the establishment of a developed market economy. At the same time, the Federation of Young Democrats [FIDESZ] and the Hungarian Socialist Party

[MSZP] blame the government for setting up new institutions that use a lot of money from the budget. Are there too many or too few institutions then?

[Kupa] They probably meant the Compensation Office and the employment centers. However, now Parliament has passed three compensation laws including the one on settling land ownership, then these have to be implemented. As for the unemployed, we could have done the same as the Nemeth [previous prime minister] government, namely give them restart loans. However, we can see that some of them started a worm or a cow business, and ended up bankrupt. The fact that they cannot now repay the money is causing a serious shortage for us. Instead, we recognize the existence of unemployment in the country and try to give decent retraining to people.

They Are Attacking the Heart of Power

[Doczy] Many people would like to delay the introduction of the much-debated two-tier value added tax [VAT] system, in fact, Laszlo Bekesi actually made concrete proposals on a method for this. In his view, out of the 50 billion forints that would be lost this way, 10 billion could be replaced by mobilizing one-third of the arrears, and 40 billion could be replaced by reducing "state spending."

[Kupa] The customs officers have made great efforts to recover the arrears. As a matter of fact, I was much scolded for dismissing the commander in eight seconds.... However, we now have a well-functioning customs system and the customs officers have recovered the arrears. Most of the tax arrears are with bankrupt companies and we cannot recover these. The 40 billion forint reduction of expenditure would probably mean cutting the defense budget, the Interior Ministry, and the central administration. The opposition, and especially the MSZP, always attacks the heart of the power. Their goal is obvious when they attack the government administration, defense, and public security. Most parties admit that it is necessary to introduce the two-tier VAT, but a number of them, including the MSZP, suggested delaying this by one year or until 1994, the year of the elections. This is a very "good" suggestion but a little transparent, unfortunately.

Not the "Policy of Poverty"

[Doczy] According to the Christian democrats, we should continue to keep 10 basic food products in the zero-rated category. Is it possible that the two-tier VAT will be introduced with such exceptions?

[Kupa] I will hold further discussions with the Christian democratic faction on this matter and the government will also examine the issue. The problem is that many people still do not have a market oriented attitude. If I increase the tax on all food products by 8 percent, which means a 3-percent price increase, then the price of the aforementioned products will also increase by 3 or 4 percent without the tax being included in the price. Retailers will cream off the difference. This is why it is

better to give money to the poor, people who are in need. As a matter of fact, it has been proved many times that tax concessions favor the people on high incomes most. We want to support those who are in real need. We counterbalance the extra expenses of people on low pensions and we also wish to support families with children.

Conciliations

[Doczy] Did the opposition proposals contain really new suggestions?

[Kupa] The Alliance of Free Democrats had some very good observations on taxes that can be used. Personally, I agree with not having to introduce the 50-percent rate in personal taxation—the main speakers of the Hungarian Democratic Forum [MDF] and the Christian Democratic People's Party [KDNP] also said this. We also received some sensible suggestions on the corporate tax. Mihaly Varga from the FIDESZ approached the means-tested welfare policy, saying that even in this case too much money is distributed inadequately. However, I did not see the outlines of a markedly new economic policy. Viktor Orban [FIDESZ member] said that there will be a kind of continuity in economic policy, which also indicates that the economic policy is not fundamentally new. We cannot do much other than reduce inflation and continue privatization. The distribution systems indeed have to be changed but this does not mean that we can close schools.

[Doczy] In addition to the opposition, the representatives of the coalition also criticize the budget proposal, mainly the section on the VAT. What are you doing in order to make at least them accept the proposal?

[Kupa] I have had previous discussions with three factions of the coalition and, following this, their chief speakers stated their views. This gives us an indication as to our scope for maneuver. A number of very good suggestions were made by the MDF and the KDNP and we will discuss these during the coming talks with the factions. I am to talk to the Independent Smallholders Party representatives this week and, at the moment, it seems that 20 out of their 36 members will accept the current proposal on the two-tier VAT. I will also hold discussions with the opposition parties. The FIDESZ stated that, concerning the two-tier VAT and its compensations, the Pal Becker-package is "manageable...." Therefore, we are facing a very hard round but, in my view, it is possible to come to an agreement with the factions on accepting the budget proposals.

Bank Official Clarifies Convertibility Statement

AU1511200292 Budapest FIGYELO in Hungarian 5
Nov 92 pp 1, 9

[Interview with Frigyes Harshegyi, deputy chairman of the Hungarian National Bank, by Emilia Sebok; place and date not given: "Frigyes Harshegyi: Again About the Forint Convertibility"]

[Text] Frigyes Harshegyi's announcement in Tokyo on making the forint convertible from 1 January 1993 attracted a lot of attention among experts. The announcement also caused great confusion, which FIGYELO reacted to in an article by an expert in its 43/1993 issue.

In an interview to our newspaper, Harshegyi makes his statement more clear on the forint convertibility.

[Harshegyi] I gave several interviews in Japan, and in one of them I said that, according to the new foreign currency rules, the forint will be almost completely convertible for economic activities from next year—providing parliament accepts the foreign currency bill in the form that it was submitted. This statement was then published by certain news media with the primitive simplification as it also appeared in some of the domestic media.

Therefore, there was no exaggeration in what I said because the forint is already freely convertible for enterprises—including the small businesses—which means that there is a complete internal convertibility. The new law on foreign currency will lift the current limits on the use of foreign currency for business and professional trips and for setting up foreign representations. This means that, in respect of all their running supplies and needs, the enterprises are free to decide whether to satisfy these in Hungary for forints or whether they exchange the forints for a foreign currency and purchase goods and services abroad.

[Sebok] There are still groups of goods whose imports are limited by quotas. In addition to this, looking at the forces awakening to protect domestic industry, these limits may become even stronger in the future or may be extended to other products.

[Harshegyi] This is why we usually say the forint's convertibility is "largely" or "almost" complete in the imports of goods. However, these refining attributes are not really needed because convertibility remains a fact and unquestionable, even if quotas exist in a small section of imports for the reason of protectionism or other considerations. Anyone who asks for a foreign trade license can get one, and everyone can apply for the quotas; no one is being stopped from getting the goods, even in these cases.

It is better not to confuse convertibility and the liberalization of imports. In the same way, the forint's internal convertibility is not weakened by the fact that the enterprises continue to be obliged to offer the foreign currency for sale [to the banks]. Even according to IMF rules, this is not considered to be a limiting factor of convertibility.

Let us go further. One element of convertibility is that the enterprises can get a maximum 12-month foreign goods credit without any restrictions or permissions. We also introduced a very liberal practice of taking up bank loans from abroad. Banks can take up foreign currency

loans without any restriction and the enterprises can do this with the permission of the Hungarian National Bank [MNB], but they always receive these because the granting system is maintained mainly for statistical reasons. This is how we know that loans worth \$700 million have been taken up by Hungary in this way.

[Sebok] This means that internal convertibility will indeed be complete in the running payment obligations of domestic enterprises. This is not the case for the general population.

[Harshegyi] The convertibility of the forint will also considerably increase for the population because they can spend an unlimited amount on foreign travel with the travel agencies. However, we have to maintain the limit on foreign currency supply for private or touristic purposes—although we suggested a much higher level than before—because it is impossible to curb the outflow of money that is equivalent to capital export. One must see that this cannot be a goal in an economy that has a shortage of capital. Even countries much better developed than Hungary only released the exchange and export of foreign currency for the population in the last phase of convertibility. However, we will stop the obligation of the population to offer the foreign currency for sale, therefore, we do actually ensure the convertibility of currencies also by registering this in a provision of law.

[Sebok] In this case, I can say that the forint's internal convertibility will be nearly complete for the current use of persons or units considered as inlanders under the Foreign Exchanges Act. What is the situation with foreigners?

[Harshegyi] For quite some time, foreigners have been able to bring capital freely into the country and they can freely take its profits or the capital out of the country. This year, we made the so-called product convertibility possible for them by allowing them to accept forints for goods sold here and to use this for purchases. From 1993, foreigners will also be able to use their credit balances on the so-called foreign trade accounts for investment in Hungary.

The level of forint convertibility will also increase for tourists arriving in Hungary because the whole amount of the currency they exchange to forints can be exchanged back to the foreign currency, in contrast to the 50 percent as it is now. What we cannot allow ourselves and the foreigners to do is to just walk into a bank and buy another currency for forints.

[Sebok] What is preventing us from taking a bigger step forward than has been outlined here and implementing complete external and internal convertibility?

[Harshegyi] It is clearly the lack of domestic financial balance—I am talking about the huge budget deficit—and the still high inflation. At this level, the tendency can change course and inflation can increase again. The higher the level of inflation and the corresponding interest rate, the bigger the danger of the inflow then outflow of hot moneys while many people try to take domestic capital abroad. The Hungarian economy would

be destroyed by such hysterical and speculative movements of money. The recent shake of the West European currency system also indicates the vulnerability of such an institution.

We need some kind of a security brake and this is why we do not facilitate the free export of capital sums. However, we will begin the gradual liberalization of working capital export while maintaining the obligation to get permission.

The reduction of inflation and other favorable financial processes (for example, the positive payment balance and increased savings by the public) provide enough basis for the currency liberalization measures decided now by the government. It would be dangerous to take a bigger step toward convertibility, but the current measures definitely have to be made to increase trust in the forint.

[Sebok] Nevertheless, according to some people in the government, the capital exports can be made free as early as the second half of 1993.

[Harshegyi] We cannot responsibly promise such a thing! It is possible to liberalize the export of working capital while maintaining some kind of a control system, but no one should hope to exchange sums intended for financial investment in 1993.

[Sebok] In this case, what can be the reason for the government or some of its members to promise something like this?

[Harshegyi] They are primarily politicians and have to watch the popularity indexes. However, we must always bear the facts in mind and our obligations deriving from the law on the central bank.

Gonc, Fur Observe Defensive Exercise

AU161115492 Budapest MTI in English 2110 GMT 13 Nov 92

[Text] Budapest, 13 November (MTI)—“A soldier who defends his homeland is worth ten times more than the one who feels to be used as gun-meat in an offensive war, or who acts as an occupier 2,000 kilometres away from his country,” Hungarian President Arpad Goncz, commander-in-chief of the Army, said on Friday [13 November] during a press conference after inspecting a tactical exercise by the first experimental defence brigade in Hajduhadhaza, eastern Hungary. “We have at last reached the stage where the Hungarian Army has no preconceived pictures about enemies, but knows what it has to defend,” Goncz added.

The exercise, lasting from November 2 to 14, was also inspected by Defence Minister Lajos Fur. Together with the regular forces, 1,500 soldiers are attending with 326 military vehicles and 25 guns. Brigadier General Karoly

Orban, in charge of the manoeuvre, reported that conflict situations had been modelled using military experience gained in recent months along the country's southern border.

Speaking to MTI, Fur said that one or two similar brigades were to be set up for regional defence next year. Establishment of the further ones, 12 to 14 in all, will be scheduled in accordance with country's potentials. The minister announced that Hungary is to have a three-armed defence force in future, comprising regulars, a rapid air force, and regional defence brigades.

Army Commander Colonel-General Kalman Lorincz told reporters that, in keeping with the Vienna and Paris Agreements, Hungary had considerably reduced its armed force, but the new European military approach reckons long-term conflicts in the region. As a result, the Hungarian Army has to be prepared for preventing crises and conflicts, and for active military activity. Lorincz thought it was necessary to reassess the region's security policy situation after the Central European changes, not least because Hungary's armed force reduction was not followed by its neighbours.

Defense Official Views Slovak Army Prospects

AU161115792 Budapest MAGYAR NEMZET in
Hungarian 9 Nov 92 p 2

[Interview with Lt. Colonel Imre Fulop, staff member of the Defense Ministry's Research Institute, by Gabor Lambert; place and date not given: "Border Area Cooperation Between the Hungarian and Slovak Military Districts Is Positive"]

[Text] As it approaches division in January next year, the CSFR has also begun the division of its army and military technology. According to Lieutenant Colonel Imre Fulop, a leading staff member of the Strategic and Defense Research Institute of the Hungarian Defense Ministry, Slovakia will get at most 500 tanks, 25 combat helicopters, 100 combat aircraft, and 400 artillery pieces. Maintaining an army of 40,000-50,000 troops and their military technology would require \$850 million annually, or one third of the federal defense budget; the Hungarian defense budget will probably have to be satisfied with \$100 million less than this next year.

[Lambert] According to the logic of the Paris agreement on the reduction of conventional arms, after the separation Slovakia would have about half or two-thirds as much military technological hardware as Hungary. Are there any signs of any possible Slovak desire to set up a bigger army than that?

[Fulop] The aforementioned military technology supplies modern military equipment for an army of 60,000-80,000 troops. Regarding the regular armed forces, we cannot count on any larger army. However, the number of Slovak army reserves exceeds this size considerably: We are talking about three percent of the population, or some 150,000 people. According to some signs, the

Slovak leadership is considering using these additional 70,000-90,000 troops for so-called territorial defense purposes. These troops could be used to repel a large-scale attack that threatened the sovereignty of the state; in other words, these troops could only be used as a last resort. Equipped with light weapons, their task would be to defend various objects and places and to support the regular army. These troops could only carry out limited defensive operations, and no offensive action. Given the fact that the Paris Agreement limits the level of specific military technology and weapons, the infantry weapons used by the aforementioned troops would not be subject to this restriction.

[Lambert] About 70-75 percent of the federal military industry is in Slovakia. As far as the conversion of the Slovak military industry to civilian production can be traced, this process is facing increasing difficulties. On the one hand, there are financial difficulties; on the other hand, the government does not dare to face the tensions arising from making employees redundant. Could these factors encourage Slovak Prime Minister Vladimir Meciar to try to set up a larger regular army based on domestic military technology?

[Fulop] Indeed, although it has not halted the conversion, the Meciar Government is radically reducing this process out of financial and human policy considerations and, presumably, the Meciar Government is using part of this military technology to equip the Slovak Army. However, one must also take into consideration that the Meciar Government is striving to continue traditional CSFR military exports, and so it is trying to find new markets in the Middle East or to renew its old contacts. This shows that Meciar badly needs the hard currency that he could get from these exports. The assets used to supply the Slovak armed forces turn out to be "dead investments", which do not advance the national economy. The Army always used to be equipped with weapons manufactured in the CSFR under Soviet license. In practice, we do not think that they will now drop these weapons in order to provide new weapons also manufactured at home. Besides, the Paris Agreements are being monitored very strictly and it would be naive to think that they can use even one more tank than permitted. Besides, even maintaining the level permitted by the Paris Agreement represents a considerable burden for the Slovak budget. The Paris Agreement formulated the limitations according to the countries' sizes and populations. The division took place under similar conditions in the case of the post-Soviet states: Thus, the Czechs and the Slovaks will share the arsenal permitted to the CSFR in a proportion of two to one.

[Lambert] How does West Europe view the unchanged trends for Slovak military exports? Does this have any effect on the political contacts?

[Fulop] I do not have specific information about this. However, thoroughly considering this problem, ever since the discovery of CSFR explosives in the hands of terrorists, West Europe has been following the exports of

weapons from this area with particular attention and, in view of the very strict UN decisions and other European integration decisions, it is certain that any Slovak export of military hardware to a crisis region would prompt negative reactions. As for the weight and importance of these reactions, this would depend on the situation in question.

[Lambert] Is there a Slovak defense doctrine already emerging? The CSFR military doctrine of 1990 counted on NATO for external help. Is it possible that the recent Slovak political declarations, in trying to arouse the idea of a Hungarian military threat, are throwing out feelers for new, or rather historical, allies?

[Fulop] Give the fact that, at the moment, Slovakia does not have an accepted military doctrine or defense concept, we can only evaluate the direction taken by the Slovak leadership indirectly. One the one hand, it is certain that they will borrow some elements from the current federal military and defense doctrine. In addition to searching for a model, this is probable also because of the security policy atmosphere in Europe and the fact that others in this region have also formulated very similar ideas, precisely for the sake of stability in this region. Thus, the Polish, the CSFR, and the Hungarian defense doctrines state that they do not regard any state as an enemy, they do not have any hostile intentions, and they should only deploy their armed forces within their borders, in order to defend their territorial integrity and sovereignty.

Thus, if the Slovaks were now depicting an enemy, in addition to the level of political declarations intended for domestic consumption, this would greatly contradict the current security policy trends in Europe and would definitely prompt a strong negative reaction, not only among the neighboring countries, but also in West Europe, where Bratislava's road leads through Vienna, as Meciar himself has pointed out. Therefore, I think that, sooner or later, the Slovak Government will have to advance in a more rational direction on security policy matters, a direction beyond nationalism; otherwise, it might risk its place in the regional cooperation as well as West European integration.

Of course, there are other—slightly warning—voices too, which suggest that if it found itself outside these regional and continental integrations, Slovakia would be forced to turn to its old allies and its old contacts, and this means the little entente. Although this has not yet been officially uttered anywhere, it has been considered as a final solution in private conversations and in the evaluation of various possibilities.

However, there are a lot of rational arguments against such an alliance based on anti-Hungarian nationalism. If we analyze the chances of pressure against Hungary, neither country's leadership is in the political, economic, or even military situation to be able to try to take an even coordinated stand against the Hungarian Republic with any chance of success. In the economic field, these

countries are striving to improve their own situation by building economic relations within the region. From a military viewpoint, if we look at things more carefully, the possibilities of the historical little entente were basically guaranteed by the big powers behind this alliance, namely Great Britain and France. Thus, a possible military attack against Hungary would only be effective if these countries could formulate some kind of common political goal and also have Europe accept it, something that, in my view, is unimaginable. In addition to a certain level of political confrontation regarding the issue of national minorities, these countries cannot come up with many common goals. Regarding its political goals, military possibilities, or economic background, I do not regard as realistic any coordinated military action on the part of a Serbia currently occupied with internal problems, a Romania struggling with its economic and political problems and the difficulties of change in the regime, or a Slovakia that is just becoming an independent state.

[Lambert] It transpired at the time of the Romanian revolution that the relations between the Hungarian and Romanian military leadership were considerably better than the relations between the political leaders. What are our relations like with Slovak military officers?

[Fulop] Because the Slovak Defense Ministry has not yet been created, the Slovak military leadership will only be set up in the future; thus, we can concentrate on building contacts only after the emergence of the relevant organizations and the selection of personnel. However, it is worth mentioning that the commanders of the Hungarian units stationed in the vicinity of our northern border have very good relations with the commanders of the so-called Eastern Sector units stationed in Slovakia. If these persons or this staff continue to serve in this region, the good atmosphere along the border will also continue. In my opinion, relations between the Hungarian and Slovak military leaderships can also be good, just as with the Romanian military leadership. Perhaps ideology does not burden the relations so much in the military sphere as it does in politics. Thus, I regard as realistic the oft-repeated Hungarian proposal for a system of open military barracks. We should visit each other, get to know each other, or call each other up when a unit goes out for exercises. In my opinion, if these simple but extremely effective forms of contact are coupled with regular contacts on the level of the military leadership, they can be useful for maintaining continuous and stable cooperation.

Official Criticizes Slovaks' Minority Policy

AU1611152792 Budapest MTI in English 1700 GMT 13 Nov 92

[Text] Budapest, 13 November (MTI)—“The order for the removal of Hungarian village name-plates in Slovakia has amounted to fierce provocation and law violation. It is one of the recent governmental measures that have heightened tension between Slovakia and Hungary

in relation to ethnic Hungarians in Slovakia," Titular State Secretary Geza Entz, chairman of the Office of Hungarians Over the Border, told MTI on Friday [13 November].

"We learned about Transport Minister Roman Hofbauer's order to remove Hungarian village nameplates in Slovakia not long ago, and unfortunately it

seems that the instruction is being carried out in a campaign-like manner," Entz said. He remarked that the names of minority-inhabited Hungarian villages are indicated in several languages in a manner in keeping with European norms. Entz hoped Slovakia, mindful of domestic peace, would immediately stop the action which has gravely hurt the dignity of Slovak Hungarians.

Gorbachev Discusses Katyn, Martial Law

AU1411205392 Warsaw TRYBUNA in Polish 9 Nov 92
pp 1, 2

[Interview with Mikhail Gorbachev by Krzysztof Pilawski; place and date not given: "General Jaruzelski Acted Correctly"]

[Text] [Pilawski] Mikhail Sergeyevich, PAP recently reported your statement whereby the Soviet forces had no intention of intervening in Poland in 1981. You referred to a conversation between Mikhail Suslov and the Polish leadership. Some Polish politicians consider your statement to be proof that in 1981, Wojciech Jaruzelski actually declared war on the Polish people and that he should be sentenced to death. What is your real assessment of martial law in Poland, and how did you view Jaruzelski's decision from Moscow's point of view?

[Gorbachev] I have been interviewed by Polish Television twice, and by the Polish press once. The main subject was Katyn. I said that when I became leader of the USSR, the Polish reforms under Jaruzelski's leadership reached a higher level. What we ourselves were planning to do was already being done in Poland. Jaruzelski and I held similar views about the reforms, which endeared him to me. Until 1985, we only knew each other by sight. But my plans to democratize the Soviet Union and implement economic reforms meant that Jaruzelski and I became great friends. I can even say that we were closer friends than any other politicians.

[Pilawski] You mean the leaders of the socialist countries?

[Gorbachev] I mean all leaders. We were unanimous in thinking that problems cannot be solved with the use of force and repression, that that is impermissible, and that reforms cannot be halted by force. Jaruzelski used to repeat that Poland is a laboratory of reforms. Together we tried to do all we could to bring our peoples closer. We knew how important it was to deal with the "blank spots" of history. Our history was not so straightforward. Nevertheless we decided to ignore the distant past and concentrate on recent history instead, the period since the October Revolution. We appointed a joint commission to examine unknown facts and events. I think this commission performed a very useful job. A report was published. The biggest headache was Katyn. In one conversation, Wojciech Wladyslawowicz—that is what I called Jaruzelski—said to me: "Mikhail Sergeyevich, we have achieved progress in all areas except Katyn. We have to achieve progress here as well." At that time, we did not know why it was impossible to find the Katyn documents. We knew that Katyn was a big secret. Our own citizens were also shot there at the end of the 1930's. The fate of Polish and Soviet citizens was a muddle, and yet there were no documents to explain anything. Eventually two files turned up. People are claiming that I was shown documents relating to the March 1940 decision by

the Politburo of the All-Union Communist Party (Bolshevik), whereas in fact it was a version of these documents prepared by academician Burdenko. I told Jaruzelski: Wojciech Wladyslawowicz, we do not have any actual documents. All of a sudden, information reached us from a totally unexpected quarter. A certain woman had bumped into files on the subject of deported forces (Gorbachev means documents on Polish prisoners discovered by Olga Zaitsev in a so-called separate archive—KP). That is how everything came to light. A TASS communique followed, and we handed over lists of Polish officers to Poland. We have faithfully conveyed and reported everything we had. I told the Polish journalists all this.

[Pilawski] But in the middle of April 1989, Valeriy Boldin opened the file that has been given to Lech Walesa by Boris Yeltsin's envoy.

[Pilawski] No, that was not the file he opened. Yes, he did open a file, but it was Burdenko's version. The one you are talking about. Boldin knew nothing about it and never saw it. The file contains a note saying when it was given to me, which was when Yeltsin, Yakovlev, and I opened it. There is also certification that Andropov and Chernenko both read it. But I do not know if Brezhnev also read it. Apart from the terrible decision to carry out this barbarous act, this file contained a handwritten letter from Shelepin to Khrushchev. That means Khrushchev also knew about it. I said to the Polish journalists: Look, we have already revised the sentences handed down on Bukharin, Zinoviev, Rykov, Preobrazhenskiy, generals, and the creative intelligentsia. We have revealed everything and told the people. So, I said, what possible motive could I have had to conceal all these things from my friend Jaruzelski? On the contrary, if I had had the file, it would have been more convenient to show it and put an end to the matter. But I did not have it. It did not surface until December (1991—KP). That was the main subject of my interview. Later, they (the Polish journalists—KP) asked me about martial law. I said that the situation in Poland at that time was constantly monitored by the Soviet leadership, and it would have been very odd if they had not monitored it. Information on the Polish situation was presented at Politburo sessions, and the subject was discussed. There was even a committee on Polish affairs...

[Pilawski] ...Consisting of Suslov, Andropov, Ustinov, Rusakov, Zamyatin, Zemyanin...

[Gorbachev] Yes. I think Suslov chaired it. This commission used to contact representatives of the Polish authorities. In this way, great pressure was applied on Jaruzelski. I know that a meeting with Jaruzelski was requested and that this meeting took place, but I do not want to discuss the details without Jaruzelski's permission.

[Pilawski] I take it you mean the meeting in the railway carriage in Brest?

[Gorbachev] So, Jaruzelski mentioned it in his book? I have not read it yet, unfortunately. But I read a report on

this meeting. I remember reading about the enormous pressure Andropov and Ustinov applied to Jaruzelski (Gorbachev forgets that Stanislaw Kania also attended this meeting, which took place in April 1981—KP). Andropov and Ustinov demanded decisive steps to counteract the counterrevolution. They said people with liberal views must not be allowed to be in the Polish leadership. I particularly remember Rakowski's name in this connection. His name always came first. I must admit Jaruzelski's behavior left a very deep impression on me.

[Pilawski] Did the report discuss the possibility of Soviet intervention in Poland?

[Gorbachev] I do not remember any specific statements to that effect, but in any case, this report is in the archives. Seeing that the Russians have invited Polish archivists to Russia, they should release this document. I remember that despite the enormous pressure on him, the general behaved gallantly and adhered to his separate stance.

[Pilawski] What about Suslov's conversation?

[Gorbachev] Indeed, someone from the Central Committee International Department told me that Suslov told someone over the phone: "We understand you and sympathize, but the presence of our forces is a guarantee against external dangers. Our forces are not going to interfere in your internal conflict." When did Jaruzelski become chief of the Polish United Workers Party [PZPR]?

[Pilawski] October 1981.

[Gorbachev] Then perhaps Suslov was talking to Stanislaw Kania?

[Pilawski] I do not know.

[Gorbachev] Well, neither do I. (Perhaps Suslov was talking to someone in the PZPR leadership who wanted the Soviet forces to intervene?—KP).

[Pilawski] Did you ever discuss this period with Jaruzelski?

[Gorbachev] We never dwelt on the past, but concentrated on the future. I had complete trust in Jaruzelski. I talked to him more openly and honestly than I did with some members of the CPSU Politburo. If Jaruzelski decided that it was necessary to halt the catastrophe toward which Poland was sliding—and I know it was very difficult for him to take this final step—that means he had no choice. I am opposed to military solutions, but even so, I have said in my latest book that I understand Jaruzelski. He acted correctly. With his action he saved Poland. I have written that there was a soft military regime in Poland, in fact this regime was a screen for continuing reforms. Let me quote what I have written in my book: "It is a great fortune for Poland that such a man, such a Polish patriot, a man of great honor, took the helm at such a momentous period that could have resulted in a catastrophe." That is my opinion.

[Pilawski] Let us get back to specifics. Both Jaruzelski and Kania, in their books, quote Brezhnev as saying: "If things get worse, we shall move in." Both say that the threat of Soviet intervention and intervention by other Warsaw Pact countries became increasingly audible from December 1980 onwards.

[Gorbachev] One would have to consult the archives, especially the archives of the "Polish commission." Perhaps the whole question of military intervention was only considered among a narrow group of people. As a sober and serious politician, Jaruzelski might have assumed that Brezhnev's team would not remain inactive.

[Pilawski] Remember, this was 1981. Reagan was in the United States, Brezhnev was in the USSR, there was a war in Afghanistan, and an escalation in tension in international relations.

[Gorbachev] Absolutely.

[Pilawski] In such a situation, was there a likelihood that Poland, with its geopolitical situation, would be "left alone" by the Soviet leadership?

[Gorbachev] The Soviet leadership believed, and there is documentary evidence of this, that under no circumstances must Poland leave the Warsaw Pact. That being the case, Jaruzelski might have believed any means could be applied to keep Poland in the Pact. I know that Ceausescu telephoned the Kremlin, saying that what was happening in Poland was dangerous, and recommending a meeting. The Czechs and Germans reacted just as nervously. Jaruzelski came under enormous pressure, and he acted correctly.

[Pilawski] At the PZPR congress in June 1986, you said that coups against the socialist system, attempts to undermine it from the outside, and efforts to tear this or that country away from the socialist community mean tampering with peace. You said: "No doubt history will correctly assess the PZPR leadership and all the country's patriots, in the party and outside it, for extricating the country from its dramatic situation with their own strength, trusting in the solidarity of their friends and allies."

[Gorbachev] I could repeat it today. That was the situation. What if the reaction to Afghanistan was so inadequate? The archive material contains the transcripts of speeches. There you will see what kind of pressure Jaruzelski was under. There you will read the stance of your former president.

[Pilawski] In 1989 not only the authorities changed in Poland, but the entire system did as well. Were you prepared for it?

[Gorbachev] I talked to Jaruzelski, Rakowski, and Czyrek. I knew there was no escape from dialogue. I

remember how the television discussion between Miodowicz and Walesa accelerated this process. The general line was evident—a line of accord, dialogue, and consolidation, and not the disintegration of society.

[Pilawski] Did you not feel any resistance among the party leadership to what was happening in Poland?

[Gorbachev] The situation in the Soviet Union was already different. We had had elections to the soviets of people's deputies, a party conference, pluralism... I had no organized opposition in the leadership, although some of its members criticized some of the processes taking place in the USSR and the socialist community.

[Pilawski] Poland's exit from the socialist camp commenced the disintegration thereof, and the Soviet Union also disintegrated. Before that, global peace and stability had been maintained largely thanks to parity between the two opposing blocs. But now that there is only one superpower, the United States, is the world safer?

[Gorbachev] It is certainly not safer, but the old situation was not the best solution. Confrontation had reached such a scale that it could have destroyed the world at any moment. Indeed, mutual parity acted as a brake for a long time, but under the slogan of parity we built up such a stockpile of weapons that the danger outweighed the security. It was necessary to put a halt to this. Hence the process of disarmament, democratization, and the rejection of philosophies cultivated by Khrushchev and Brezhnev, what used to be described as the "Brezhnev doctrine." Therefore I told our allies: We are friends, and we continue to be ready to cooperate. However, we tell you, each country, each nation makes its own choice, and each party bears its own responsibility. Our relations should develop on the basis of equality and non-interference in domestic affairs.

[Pilawski] Could the things that happened in Poland under Gorbachev also have happened under Brezhnev?

[Gorbachev] Certainly not.

[Pilawski] Thank you for the interview.

Bielecki Discusses Relations With Germany

AU1611114592 Warsaw RZECZPOSPOLITA in Polish 10-11 Nov 92 p 5

[Interview with Jan Krzysztof Bielecki, minister with responsibility for cooperation with the EC, by Krystyna Grzybowska; place and date not given: "A Fruitful Visit"]

[Text] On 6 November, a Polish Government delegation led by Prime Minister Hanna Suchocka completed a visit to Bonn, which was also being visited by Polish members of parliament who took part in a joint session of the foreign affairs commissions of Poland, Germany, and France. The many talks that were held at various levels were of profound significance for enhancing bilateral relations and for expanding Poland's activity in the

international arena. I asked to discuss the subject with the minister responsible for cooperation with the EC, Jan Krzysztof Bielecki.

[Grzybowska] There have never before been so many Polish visits to Germany in one week. Can this be attributed to coincidence, or is there some deeper political aspect to it?

[Bielecki] What might be considered a coincidence is that all these initiatives occurred in one week. But what is not a matter of chance is that Poland's relations with Germany are exceptionally important or that they are a part of our activities in the European arena. There are an increasing number of initiatives for cooperation that were initiated at the Weimar meeting of foreign ministers and are now being developed by Polish members of parliament. Cooperation might shortly be extended to cover further government institutions.

Poland must play an active role in Europe in international politics.

[Grzybowska] Chancellor Kohl, following his meeting with Prime Minister Hanna Suchocka, expressed a desire to bring Poland into the EC. A concrete proposal was made for the first time—a transition period of the kind that was granted Greece at one time—and a definite date, 2002, was also mentioned for the first time. Does that represent a real breakthrough?

[Bielecki] As a rule, declarations are followed by a period of concrete programs and actions. A long, uphill road lies ahead of Poland before it becomes integrated with Europe. One has to distinguish between Poland's return to Europe—which is a euphemism that I do not like—and Poland's return to European institutions that were established after World War II. The process of returning to these institutions, our increasingly strong ties with them, is a long-term process.

There are three basic areas that one has to talk about in discussing a transition period. The first, a very important one, is, of course, a political issue. The second concerns security issues which, in view of the way in which the situation in Europe may develop, are becoming increasingly important, especially in light of the events in Yugoslavia, which have exposed a certain degree of weakness on the part of European structures. The third area is a transition period for our economy. Without help and access to European markets, Poland will not be able to catch up quickly with European partners on its own.

[Grzybowska] Chancellor Kohl talked about support for Polish reform policy. Poles generally take such statements to be a promise of financial assistance. Is money really what we need most from the West?

[Bielecki] That shows a certain lack of skill in understanding and defining Poland's needs vis-a-vis Western European and international organizations. From the viewpoint of the national interest, state security issues

and creating development prospects for future generations are equally important. Poland is not the country of the current government or even of one generation. Poland is—as our fatherland—a continuation, a permanent entity, and the most important thing is to ensure stable conditions for the development of the state.

So, the issue of a strong economy and providing it with financial assistance is exceptionally important. However in light of the current world situation—global politics and the global economy—the political situation and security problems are equally important, and even determine the position of the state and its successes.

[Grzybowska] In Bonn journalists' parlance, it has become customary to talk about a Bonn-Paris axis within the EC. Recently, there has been talk of expanding this setup and of establishing a Paris-Bonn-Warsaw axis. How can one translate that term into Polish?

[Bielecki] There are many initiatives that we have already discussed, indicating that not only Polish-German, but also Polish-French cooperation has intensified, as well as cooperation between all three. However, I would not call it an axis or—as others have said—a triangle.

Poland has traditionally had good relations with France and our history has furnished much proof of the special character of those relations. Polish foreign policy has recently begun to appreciate Germany's role in present-day Europe. These two elements create a wider field for cooperation.

This cooperation is most evident in cooperation outside the EC. Examples are joint initiatives on Yugoslavia or the planned joint trips by members of parliament from Poland, France, and Germany to Russia, Kazakhstan, Belarus, and Ukraine.

Intensifying our links with European partners is, above all, advantageous for us in every respect. I would attach less importance to rhetoric; what is much more important is Poland's involvement in various EC activities and its participation in that forum.

[Grzybowska] German political circles are talking about the possibility of signing a treaty on cooperation between Poland, Germany, and France that is closely modeled on the German-French treaty, which has proved its worth in practice. Was that discussed during this recent visit?

[Bielecki] No, but the proposal is very interesting and worth examining.

[Grzybowska] Several recent, imprudent statements made by Polish politicians have caused Polish-German relations to become somewhat cooler. Did Prime Minister Suchocka's visit result in those misunderstandings being clarified?

[Bielecki] I have never thought that a single visit could lead to a breakthrough and explain all the problems connected with our long and complicated common past.

The visit did produce results. Poland showed itself from an angle that matters very much in the West—as a country that has a head of government who meets European standards, if one can put it that way, although that might not be the best way of expressing it. Poland has a leader who is equal to the challenges facing Europe—and that is one basic point. The second, equally important one, is that Bonn has been visited by the head of a government that is effectively continuing the process of economic and institutional changes and with incomparably less assistance than that received by the former GDR.

I believe that Poland can present its economic results to Europe with pride and satisfaction.

Kaczynski Discusses Future of Center Accord

PM1311102292 Wroclaw SLOWO POLSKIE in Polish
29 Oct 92 p 5

[Interview with Sejm Deputy and Center Accord Chairman Jaroslaw Kaczynski by correspondent Elzbieta Graczyk; place and date not given]

[Text] [Graczyk] It is said that the Center Accord [PC] is going through a crisis caused by the fact that it is no longer possible to reconcile your party's two "souls": the somewhat populist one which draws on the legacy of Solidarity and the struggle for independence, and the one opting for reforms that will lead to a strong, democratic, and capitalist state. Did the recent moves in your party's personal composition follow from a decision to take your members in hand and discipline them, or were they an indication of a more substantive split within the party's ranks? Donald Tusk [Liberal Democratic Congress deputy] was even heard to mention the possibility of a "partition" of the PC Parliamentary Floor Group between Jan Olszewski's [former prime minister] Movement for the Republic [RdR] and the government coalition...

[Kaczynski] Donald Tusk is famous for such statements; they attract attention, but are not good for political life. What is currently taking place in our party? Several of our colleagues have proved themselves disloyal and prepared to break party discipline, and their attitude has weakened our party position. Their actions are senseless and harmful to the party, however advantageous they may be for their individual, particular interests. The two PS "souls" could be reconciled. The decommunization operation certainly does not jeopardize the creation of a strong state: On the contrary, it encourages and facilitates it. In fact, it is a necessary precondition for its creation. This is all that our radicalism boils down to, and in our opinion it constitutes an essential prerequisite if we intend to build a strong, modern state based on a sound capitalist economy. Our decommunization bill is at present being considered by the Sejm commission. I believe it is a most sensible bill. I understand that there are forces which are afraid of decommunization—and justly so, because it will constitute a blow to their

particular interests. Hence the counterattacks which we have experienced, and which are often conducted with the use of questionable methods.

[Graczyk] Strong or weak, the PC has recently announced that it would proceed to engage in working, active opposition. What does this mean?

[Kaczynski] We will resolutely take advantage of the situation in Prime Minister Hanna Suchocka's minority government to force it to introduce certain adjustments in its personal composition. One such matter we shall be raising again is the recommendation to recall Jan Maria Rokita [Council of Ministers chairman] from his post in the government. In our opinion, such a move is vitally necessary now.

[Graczyk] But you have only 31 deputies to "adjust" in this way...

[Kaczynski] ...True, but we can and will create coalitions. In the preliminary ballot on the proposal to recall Mr. Rokita we commanded well over a hundred votes. We lost, but only by a small margin. It is now a question of planning an energetic offensive. We have not carried out such operations before. We also propose to launch an argument over certain elements of the government program: the budget, a range of proposals from the Enterprise Pact bill, and so on. We also intend to address the public at large through the media, even in the narrow opening we have available to us at present.

[Graczyk] In other words, you will do everything you can to topple the government, will you not?

[Kaczynski] The present government has no prospects for a much longer stay in office. Or at least, we no longer believe so, even though we thought otherwise initially, back in the early summer. We believed that it would be a good cabinet. However, the cabinet is simply a very poor one, and there is no point pretending that that is the price of arriving at certain settlements and achieving compromises over its personal composition. The cabinet is unsatisfactory and it suffers from internal disagreements over matters which are most essential for the country, such as the question of our position on the Maastricht treaty, or the statements made by Deputy Premier Henryk Goryszewski. In the West, the deputy premier of a country with a population of 40 million would not be ridiculed or dismissed as follows: He is admittedly not a bad administrator, but his opinions are very odd and some of his moves are decidedly eccentric... In the West such people are treated seriously and listened to. To put it briefly, we are not particularly interested in the government's continued career in office, and we are not reluctant to consider the prospect of a change of government.

[Graczyk] Let us suppose you succeed in making this prospect a real possibility. What do you think will happen then? A government that no longer commands a

parliamentary majority, the Center Accord party apparently not interested in taking over, and the Polish Peasant Party [PSL] still ostensibly sulking...

[Kaczynski] It is not a question of sulking. I believe that the PSL is making other calculations. Its leaders believe that they can attain more within a different configuration of power. Besides, the PSL is currently pinning its hopes on a new election. Compared with all the other Polish parties, it commands the best-organized internal structure and a firmly declared electorate.

[Graczyk] So how do you believe the situation will develop? Will a new government be formed?

[Kaczynski] I believe that the chances of a new government being formed are slight. It seems that, after all, the Polish way is taking us toward a new election. Perhaps it will be a good thing if it results in the Polish political scene being put in order. In any case, I believe that we will introduce a new and quite restrictive electoral law. High percentage thresholds and considerable barriers to be surmounted before candidates' lists can be registered will mean that no group that does not have considerable public support and organizational potential can enter the election registers. Despite its restrictiveness, we badly need precisely this type of electoral law in Poland. We spoke about this before the last election, but we were then strongly criticized for it.

[Graczyk] Your determined and energetic opposition entails also a rejection of the "small constitution." To say "No" to the "small constitution" is, in essence, tantamount to saying "No" to the president. Would it be true to say that the implications of your prejudice against the president make your party's life difficult?

[Kaczynski] I protest against drawing such close parallels between our position on the small constitution and our attitude to the Belweder [Presidential Palace]. It is true that I have a critical attitude to Lech Walesa. I spoke about this many times in the past: His potential has been exhausted, and the current configuration of power is simply harmful to Poland. There have been many indications of an evident drive to consolidate the Belweder's position of power and remove all control over its policy and operations. Some people prefer not to notice this evidence. If so, it is their choice. But such moves as the proposals to create an "EEC-II" or a "NATO-II" are very obvious examples of politically damaging initiatives. The new constitution was supposed to prevent such moves by setting up a configuration of power of a kind practised in all normal countries. The existence of two separate foreign policy lines pursued by one state places Poland in a ridiculous light. First of all, the world always watches new democracies very closely and not necessarily benevolently. Second, Poland must be seen to have a very clearly discernible foreign policy direction. Our president's whimsical ideas obscure and confuse this direction. Western politicians are no longer treating Lech Walesa as just Lech Walesa, but as the president of a rather large European country. A new

constitution could have prevented all the confusion by introducing the endorsement principle. This principle is observed even in France, where the president's power is quite strong. That is the real reason why the PC voted against our "small constitution." There were no other reasons.

[Graczyk] The president claims that he has too little power.

[Kaczynski] The president's imagined ideal of the scope and range of his powers is very naive. Let us continue with the example of the French presidential office. There, the configuration of power is arranged so that it gives the president the support of a parliamentary majority. In other words, the principle which safeguards a majority is already written into the very mechanism whereby the president is elected: The political bloc supporting the president is at same time in command of a parliamentary majority. And this is why it commands so much political power.

[Graczyk] The president did declare that he would create precisely such a presidential party around him when the need arises.

[Kaczynski] I am more than certain that he stands no chance of succeeding. He could still command considerable support, notably in Poland's southeastern territories, but even there he would definitely not score any breathtaking victory.

[Graczyk] In that case let me ask my earlier question again: How do you think that situation will develop?

[Kaczynski] The situation has become very destabilized. Perhaps an early election is not unlikely.

[Graczyk] How do you estimate the strength of the post-PZPR [Polish United Workers Party] left-wing orientation? A certain proportion of its activists, led by Mr. Leszek Miller, appears to have come to the conclusion that the wind is blowing into their sails now.

[Kaczynski] They command a quite significant strength. However, this is because the whole present setup in the country works in favor of enhancing their strength. A particular angle in the media presentation, a particular slant in the way in which changes are being introduced in Poland, and the deliberate attempts to obscure the distinction between what is right and what is wrong in the minds of the public. The best example of this approach is the recent "Kuklinski affair" which initiated the authentically keen public debate on whether Kuklinski [former spy] was a hero or a villain. We still have not arrived at a clear definition of where the old era ended and the new one began. All this is taking its cruel toll now. In addition, there is the apparently unimportant, but really quite significant fact that the post-PZPR group—which now ostensibly declares its social democratic allegiance while readily drawing on the communist tradition—is the wealthiest party in Poland today. It will certainly be able to wield extensive influence and play a major role after the election. Even if its electorate does not expand widely before the election, it will still represent a large enough group of firm and disciplined adherents. And they are certain to be hungry for power simply because they desire to reinforce and consolidate their social position and their influence.

Stolojan Agrees to Proposed Unified Fuel Prices*AU1611193892 Bucharest ROMPRES in English 1846 GMT 16 Nov 92*

[Text] Bucharest, ROMPRES 16/11/1992—During a radio-broadcast interview, acting Premier Theodor Stolojan showed he agreed to the new fuel prices that were negotiated at the end of last week by government's special envoy to its relations with trade unions and employers, Mr. Iacob Zelenco, and the representatives of drivers' union of Romania. The negotiated price for premium gasoline was put at 160 lei a liter as to 220 lei as it is now.

While motivating his position, the premier pointed out that the proposals the trade unions made for the unification of fuel prices meant to change a whole system, which was a step forward toward implementing the aims of the reform.

Next he said the problems posed by profiteering and trafficking with such products would be partly solved if the measure were paralleled by further amendments like the application of taxes on the vehicles driven beyond the country's borders. The premier also underscored that the difference between what had been initially set and the final price would be partly covered by the taxes levied on car owners, which shall be retrieved from society as a whole.

As for the final decision the government was to take, Premier Stolojan expressed his belief that the executive would favour the market economy even if that was to bear negatively on such sectors as agriculture and transport.

FSN Denies Disagreement Among Leaders*AU1711101992 Bucharest TINERETUL LIBER in Romanian 9 Nov 92 p 2*

[Unattributed report: "The Press Bureau of the National Salvation Front Claims There Is Complete Harmony Among the Members of the Party's Leadership"]

[Text] Recently, some additional elements were added to the campaign of spreading calumnies in connection with the National Salvation Front, aimed at producing a split among the leaders of this party and at misleading the electorate. Thus, lies are repeatedly issued to the effect that the FSN [National Salvation Front] abandoned its

political program and its identity and follows other opposition parties, while serious dissensions regarding these aspects can be noticed among the FSN leaders.

The FSN categorically denies the content of those rumors and condemns the method used by its political adversaries in order to weaken its cohesion and rob it of people's trust. In everything it has done and will continue to do within this legislation, the FSN firmly reasserts its identity, supports its well-known political program, and respects the promises made to its electorate. The FSN does not believe in following anybody and it is ready to use its parliamentary force within the real limits established by the results of the September 1992 elections to promote and implement the political values in which it believes, for which it has strived, and which are included in "The Future Today" motion.

The FSN is not a party of a monarchist, a peasant, or the resurrection of some liberal orientation, but a modern social democratic party—like the parties of West European countries.

Nevertheless, one should stress that the FSN is no longer a majority party and thus is no longer the ruling party. The move of the FSN to the opposition coincides with the entry of certain extremist political formations in the parliament and with the development of certain political forces, which through their—declared or not declared—program, have been pushing the country backwards toward a dead-end system of material and cultural misery that limits citizens' freedoms. Therefore, the FSN ought to play its role as an opposition party side by side with all the other democratic forces, which, regardless of differences in their program, agree to struggle at least for the defense of the ideas declared during the December 1989 revolution.

As an independent party, the FSN is developing its own political ideas about the issues of governing, but considering its character of patriotic and democratic formation, while the majority party, namely the FDSN [National Democratic Salvation Front] is not ashamed to consolidate its power by entering alliances with neo-fascist and neocommunist groups, the FSN must unite its forces with all those who believe in the well-being that can be obtained through democracy, freedom, law, and genuine social justice.

As far as these aspects are concerned, there are no disagreements, controversies, or disputes among the FSN leaders.

Croat Refugees Leave Sarajevo; Clashes Continue

LD1611174592 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 16 Nov 92

[Text] According to reports from Sarajevo, Serb artillery has been heavily pounding the mount of Mojnilo. Several explosions of shells were heard in the town center at around 1330, and firing from Serb positions on Trebevic on Marin Dvor has been stepped up.

At the same time, representatives of the Islamic Conference Organization's permanent mission in the United Nations has held talks with President Alija Izetbegovic in the Presidency building.

A convoy of 10 buses carrying refugees—Croats from Stup and Doglodi—left for Kiseljak at 1400, escorted by the UN Protection Force [UNPROFOR].

Five busloads of Croats arrived in Kiseljak last night. The convoy was fired on during its journey by infantry and antiaircraft weapons. No one was injured. When UNPROFOR troops set their sights on the attackers, the firing ceased, journalists were told today in UNPROFOR's Sarajevo headquarters.

Belgrade Radio Reports 'More War Than Peace'

AU1611163892

[Editorial Report] Belgrade Radio Beograd Network in Serbo-Croatian at 1400 GMT on 16 November introduces its war reports from Bosnia-Herzegovina by saying that "even today there was more war than peace."

Jelena Dabarcic reports that all is quiet in Mostar, Stolac, and Capljina but that "the Serbian military sources" report the Croatian side is bringing and concentrating fresh forces in "manpower and military hardware." She believes that their goal is probably to continue "the recently failed great offensive against Nevesinje." Dabarcic also reports that "the representatives of the UN Protection Force" are staying in the region to help establish peace.

Correspondent from Bihac Milan Pantovic says that the four-day battles in the region "have died out." According to him, "the fierce offensive by the Muslim side has been halted." According to Pantovic, the access to Grabez and Grmusa Plateau are "scattered with the bodies of Muslim fighters" but adds that he does not have the exact data on casualties.

The announcer in the studio says that Sarajevo was peaceful this morning and that the combat activities in the town ended "two hours after midnight." Correspondent from Sarajevo Risto Djogo says that the time of departure of the next convoy of refugees has not been confirmed yet, but that it has been rumored that the next convoy would set off on 18 November.

Correspondent Branislav Bozic says that "the regular Croatian army forces" attacked "the corridor" near the villages of Vidovice and Loncari in the vicinity of Brcko

with howitzers, multiple rocket launchers, and mortars this morning. According to him, all the attacks were drawn back, but he adds that "it is hell out there; therefore, do not travel unless you really have to." Bozic continues to report that Doboj was again shelled from the direction of Bijela and Matuzici this morning. He says that "due to this situation, the Serbian forces in Teslic had to undertake large-scale actions to move the line of the Muslim artillery." "The fighting continues," he says, "and the Teslic fighters are advancing."

Bosko Lomovic reports "that the corridor running from Brcko to the village of Loncari" has been subjected to artillery fire for the last 30 hours. He claims that "more than 100 missiles" have been fired from "the Slavonian side" since yesterday. He says that Serbian villages of Cerik, Abramovina, and Porebrice, which are all villages near the road Orasje-Tuzla, have been attacked from the south, from the direction of Majevisa. Lomovic says that "two multiple rocket launchers" on the Muslim side "are creating special problems" for "the Serbian defenders," as they are "incessantly pounding the corridor and do not spare the residential quarters."

Foca correspondent Dragan Todorovic reports "that the Muslim Army" continued committing "crimes on the border of Foca and Pale communes." According to him, "the Ustashes raided an isolated Serbian village of Kozarovici where they massacred several older Serbian residents of this village." He adds that "the Serbian units from Foca in a swift counterattack" beat the attackers.

Army Press Center Comments on Arms Embargo

AU1611161892 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1400 GMT 16 Nov 92

[Commentary by the Press Center of the Bosnia-Herzegovina Army]

[Text] The situation is absurd because it is perfectly clear that the aggressor has been finding ways to increase its military power by obtaining weapons and other military means and bringing in manpower from foreign countries, which involves conducting acts of genocide against the Muslim and Croat people for all the world to see, and to the shame of all those who can but do not prevent such savagery.

The people of Bosnia-Herzegovina will endure in the task of liberating the whole motherland even if the embargo is not lifted. Unfortunately, it will cost many more lives, as the weapons and other means of fighting are captured from the aggressor, who has more than enough. The patriotic profile of the struggle and the high morale of the troops of the liberation forces of Bosnia-Herzegovina will more than compensate for any disadvantages that we suffer due to the unfavorable influence of some international institutions in fighting the act of genocide against Muslims and Croats as it is carried out by Serbian President Slobodan Milosevic's army.

Ministry Issues 'War Crimes' Announcement*AU1611150092 Sarajevo Radio Bosnia-Herzegovina
Network in Serbo-Croatian 1100 GMT 16 Nov 92*

[Text] The domestic and world public have been thoroughly informed about the [words indistinct] of Serbo-Montenegrin aggressor and his domestic followers. Nevertheless, we think that what foreign reporters and specialized international organizations have uncovered represents only (?the tip of the iceberg), it said in the announcement issued by the Defense Ministry of Bosnia-Herzegovina and signed by Deputy Minister Munir Bekic.

The West has also done much regarding discovering the causes for the crimes unprecedented in the history of civilization. After a long and thorough investigation, Mr. Tadeusz Mazowiecki, special UN envoy for reports on human rights in the former Yugoslavia, said that war crimes are not a consequence of the war in Bosnia-Herzegovina, but its aim. Mr. Mazowiecki is completely right regarding ethnic cleansing of territories that the aggressor is carrying out, but [words indistinct].

It is known that Serbia and Montenegro have been condemned, isolated, and fiercely punished by the complete international community for their aggression against the sovereign and internationally recognized state of Bosnia-Herzegovina. The condemnation is unanimous, therefore both the Islamic Conference and the U.S. and Jewish congresses have found themselves on the same side for the first time in (?recent) history. Both are demanding the lifting of the embargo on imports of arms into Bosnia-Herzegovina. The UN sanctions against aggressor states are becoming increasingly harsh, and American officials are again announcing the possibility of a military intervention against the aggressor against our state.

Although it is facing a hopeless situation, the very powerful Belgrade propaganda machine is again trying to play the card of war crimes. They have been intensifying the crimes against Muslims and Croats, deliberately allowing such reports to reach the (?citizens) of Bosnia-Herzegovina and at the same time hiding them from their own and the world public. (?Besides), they are barbarically shelling and destroying Muslim districts and religious buildings. The basic aim of these crimes at the present stage of this fascist raging is to cause indignation and revenge among the Muslim and Croat population against Serbian people in the free territory zones. They

are deliberately doing this with a view to causing (?a double) effect. One effect is providing proof to its own and the world public that this war was inevitable, that the threatened Serbs are being protected through it, and that it is a purely religious war. Of course, this should make the world change its attitude toward Bosnia-Herzegovina. The other effect is eliminating a great number of Serbs, (?antifascists) who have begun defending the Republic of Bosnia-Herzegovina, both within the units of the Army of Bosnia-Herzegovina and in state and economic institutions, it is said in the announcement of the Defense Ministry.

(?All this resembled) the well-known orientation from the platform on the activity of the Presidency of Bosnia-Herzegovina under war conditions to the effect that only people guilty of war crimes will be [word indistinct] and that all possible occurrences of revanchism will be prevented. Therefore, all (?morbid) provocations by the aggressor are [word indistinct] for his own destruction.

This was the announcement issued by the Defense Ministry of Bosnia-Herzegovina issued today and signed by Deputy Minister Munir Bekic.

Serb Army Claims Banja Luka Planes Unarmed*LD1411145192 Belgrade TANJUG Domestic Service in
Serbo-Croatian 1304 GMT 14 Nov 92*

[Text] Banja Luka, 14 Nov (TANJUG)—In connection with reports carried by the Croatian information media today about the alleged action of the Serb Republic's [of Bosnia-Herzegovina] planes, the information service of the Serb Republic Air Force and Air Defense has been authorized to announce that the only purpose of today's flights from Banja Luka airport was to conduct test flights and to train the pilots. Members of the UN observer mission for the supervision of aircraft over Bosnian territory checked the planes and established that that they were not armed.

Any attempt to make a connection between these test flights on one hand and the heavy offensive of regular units of the Croatian Army and the position of the Serb people in Herzegovina on the other hand can be described as malicious and aimed once again at accusing the Serb side in the eyes of the world public of violating the cease-fire agreement, which was not signed by the Croatian side that is bringing in fresh forces and modern military technology from Croatia daily, the statement says.

UN Soldiers Injured in Mine Explosion

LD161114492 Belgrade TANJUG Domestic Service in Serbo-Croatian 1046 GMT 16 Nov 92

[Text] Vukovar, 16 Nov (TANJUG)—Three members of the UN Protection Force [UNPROFOR] have been wounded by a pressure-activated mine in the village of Nijemci [south of Vukovar], the information service of the Serbian Region of Slavonia, Baranja, and Western Srem announced today.

The accident happened about 1100 yesterday when the UNPROFOR soldiers uncautiously entered the graveyard of that village in western Srem. Two soldiers were seriously wounded and one slightly.

Croatian forces, the Vukovar press center adds, continue their provocations. A group of soldiers of the Republic of Croatia at noon yesterday tried to infiltrate the region of the village of Adasevci, but, as the commander of the police special units, Bozidar Kosutic, stressed, they were prevented from doing that.

Shortly after 2000 last night, the Croatian forces opened fire from the direction of the village of Komletinci on the positions of Serbian border guards around the village of Donje Novo Selo. The special units of the Serbian police did not return fire, Kosutic said.

Krajina Official Fears Tightening of Sanctions

LD1711092592 Belgrade TANJUG in English 0708 GMT 17 Nov 92

["Pool" item]

[Text] Belgrade, Nov 16 (TANJUG)—Prime Minister of the Republic of Serb Krajina (RSK) Zdravko Zecevic on Monday [16 November] sent a letter to U.N. Secretary General Butrus Butrus-Ghali, saying that a tightening of sanctions against the Federal Republic of Yugoslavia would bring life in the RSK to a standstill.

"The RSK was formed last year in the predominantly Serb-populated areas within the administrative boundaries of Croatia, after Croatia had seceded from Yugoslavia by force and downgraded its Serbs from a constituent nation to a national minority. The RSK has been placed under U.N. protection. Quoting an excerpt from Zecevic's letter, the RSK news agency ISKRA says that "all Krajina's exports and imports of food, medicaments and commodities go through Yugoslavia."

A debate is under way at the U.N. Security Council on the situation in the war-battered former Yugoslav Republic of Bosnia-Herzegovina, with the possibility of

tightening the sanctions against Yugoslavia imposed in late May. Zecevic urged the secretary general to refer his plea to the Security Council in order to prevent this body from taking any decision which might annul the provisions of the Vance plan.

UN Forces 'Unable To Protect' Krajina Citizens

LD1611184792 Belgrade TANJUG in English 1752 GMT 16 Nov 92

[Text] Knin, November 16 (TANJUG)—General Arap Rob, one of the commanders of the United Nations (U.N.) Protection Force for the territory of former Yugoslavia (UNPROFOR) said on Monday [16 November] that the UNPROFOR was unable to protect the population of the Krajina regions because of "certain problems."

The Serb Krajinas are regions within the breakaway Yugoslav Republic of Croatia with majority Serb populations and where Serbs last year proclaimed the Republic of Serb Krajina. In a talk with Krajina Interior Minister Milan Martic in Knin, Gen. Rob said that both sides—the Serb side and Croatia, were violating the cease-fire and that the condition for guaranteeing security was mutual demilitarization along the line of delimitation.

Gen. Rob is commander of Sector South, one of the four sectors under U.N. protection within the administrative borders of Croatia. The sectors coincide with the territory of the Republic of Serb Krajina.

The proclamation of the Republic of Serb Krajina was an answer to Croatia's secession and the downgrading of Serbs in the new state of Croatia from the position of a constitutive nation to the position of a national minority. Today's meeting between the UNPROFOR and Krajina officials again failed to remove the differences in views on the continuation of the process of demilitarization in Sector South and in the so-called pink zones along its fringes in which Serbs are the majority population but which are not under U.N. protection.

Gen. Rob demanded that the Krajina police withdraw and store its heavy infantry weaponry. Martic, however, said that the Serb people could not be left at the mercy of the Croatian side, which he said was constantly provoking and threatening the Serbs.

Martic said that the demilitarization of pink zones had been completed when the Yugoslav Army withdrew from that region in mid-May and when heavy weaponry of the territorial defence had been stored in warehouses.

Under the peace plan drawn up by United States (U.S.) diplomat Cyrus Vance [cochairman of the Conference on Yugoslavia], all armed formations are to be disarmed and only the local police with sidearms are to remain in Krajina.

Federal**President Cosic Released From Hospital**

LD1611160392 Belgrade TANJUG Domestic Service in Serbo-Croatian 1438 GMT 16 Nov 92

[Text] Belgrade, 16 Nov (TANJUG)—Following the completion of his medical treatment, President Dobrica Cosic was released today from the military medical academy and sent home for treatment that will last at least two weeks, the administration of the military medical academy announced.

President Cosic was admitted to the hospital on 7 November. He underwent a minor operation on his prostate on 8 November.

Trade Union Federation Warns of Grave Situation

LD1611164992 Belgrade TANJUG in English 1615 GMT 16 Nov 92

[Text] Belgrade, Nov 16 (TANJUG)—The Yugoslav independent Trade Union Federation on Monday [16 November] apprised the Yugoslav Government in the strongest terms of the deteriorating economic and social position of the workers and the populace, resultant primarily on the international economic blockade of Yugoslavia.

Speaking at a press conference, Federation Council Chairman Grozdana Miljanovic said that the Yugoslav economic crisis, deepened by the 1991 war, had taken on a new and dramatic dimension with the imposition of sanctions on the Federal Republic of Yugoslavia (F.R.Y.) by the United Nations on May 30.

In substantiation, Miljanovic quoted figures which showed that, in the first three months of the U.N.-imposed blockade, industrial production had dropped by 40 percent over the same period last year. She predicted a 66.5 percent drop in production in December as against December 1991.

Inflationary trends in the January to October period of this year indicate that the inflation rate will hit 28,000 percent by the end of the year. Miljanovic said that retail prices had risen by more than 10,000 percent in the period. Living costs rose by 50 percent in October as against September, and one hundred times as against October of last year.

Wages have been halved since last year. In September, the average wage was 107 Deutsche Marks, as against 150 Deutsche Marks in September 1991. The purchasing power of the population is ebbing. The homemade Yugo car costs more than a four-year salary, and a washing machine, 6.5 monthly wages, she said. Estimates indicate that real wages will drop by 70 percent in 1992 as against 1991, said Miljanovic.

More than 750,000 people are unemployed, and 60 percent of the work force are expected to be laid off by

the end of the year. The current unemployment rate of 23 percent is expected to rise to 25 percent by the end of the year.

The independent trade unions forecast that the one million 150,000 old-age pensioners, 600,000 refugees and the unemployed will shortly be on the verge of subsistence.

The per capita gross domestic product (G.D.P.) has dropped to a meagre \$70 a month or \$840 a year.

Capability To Produce Tanks Continues

93BA0169A Belgrade POLITIKA in Serbo-Croatian 28 Oct 92 p 8

[Article by Miroslav Lazanski: "Yugoslavia Is Continuing the Production of Tanks"]

[Text] *The Krusevac factory has presented to the public the first rescue tank, a kind of armored vehicle that has not been produced until now in the Balkans; by mastering final assembly of the M-84A tank, the economies of Serbia and Montenegro are still in the exclusive club of the "15," i.e., among the 15 countries in the world that are capable of independently producing tanks; a remote-controlled trench digger.*

Yugoslavia, i.e., Serbia and Montenegro, is still in the exclusive club of the "15," i.e., those countries in the world that are currently capable of independently producing tanks. With the collapse of the former Yugoslavia and the war in this region, production of the modern Yugoslav M-84 tank was jeopardized, since numerous contractors remained in the secessionist republics. Actually, 240 work organizations were directly involved in the direct production of parts, subassemblies, and assemblies of the M-84 tank, and about 1,000 organizations of associated labor throughout the country were indirectly involved.

The war disrupted the technological flow, and so the Slovene Ironworks in Ravne, Sarajevo's Zrak, Bratstvo in Travnik, Jugoturbine in Karlovac, and the final assembly plant, Djuro Djakovic in Slavonski Brod, ceased deliveries of parts and finished products for the needs of the JNA [Yugoslav People's Army]. Since a contract had been previously concluded with Kuwait for the delivery of 230 M-84A tanks, with a total value of almost \$600 million (tanks, spare parts, and training), and because of the war a need arose for new tanks for the Army of Yugoslavia, the priority task was to find a new final assembly plant, as well as new suppliers of the components of the M-84A tank. A solution was found quickly, and the 14 October factory succeeded in record time in mastering final assembly of the M-84A tank, but also in producing, for the first time in the Balkan region, a special rescue tank, or in other words, a tank for rescuing other tanks.

Without Additional Investments

In presenting the new rescue tank to the Yugoslav public, the Krusevac 14 October plant was actually presenting its own overall potential. At a press conference, the factory's general director, engineer Ljubomir Todorovic, emphasized "that the factory already has the equipment and technology with which it has mastered many parts that are essential in producing tanks." Actually, 14 October is the factory that has the longest tradition of producing heavy engineering machines, it was the main supplier of engineering machines for the needs of the JNA, and to date about 30,000 construction and engineering machines have left its workshops. To date the factory has also made parts for Yugoslav armored transporters and infantry combat vehicles, and it is currently producing the transmission for modernizing T-55 tanks, as well as the transmission for the new Vihor [Whirlwind] supertank. A program for the production of a commander's tank is in the implementation phase, along with the assembly of M-84A production-line tanks and the assembly of the rescue tanks.

Production of the M-84A tank will thus be continued in cooperation with large factories in Serbia and Montenegro. It should be stated that the first 32 hulls for the M-84 tank that received final assembly at the Djuro Djakovic factory in Slavonski Brod were actually produced at the Gosa factory in Smederevska Palanka, and thus Gosa will probably continue to produce the hull for the M-84A tank.

Krusevac's 14 October has not invested any funds in additional investments in order to ensure the conditions for final assembly. The large workshop that will take over assembly of the tank, and perhaps of a new infantry combat vehicle named Vidra [Otter], existed earlier. In any case, 14 October has mastered production of the transmission for the M-84A tank, which is actually also the main problem in producing the tank....

The rescue tank, which was presented to the Yugoslav public for the first time two days ago, has the same motor and undercarriage as the M-84A tank. The motor is thus 1,000 horsepower, which ensures the ideal 17.5 kw per ton. In tests, the rescue tank proved to be better than Russian and Polish tanks in that category, and several Arab and Asian countries have already expressed interest in buying it.

'Chrysler' From Krusevac

A modern tank is a very expensive "toy," which is made up of around 20,000 different parts. About 50 tons of the highest-quality steel and about 80,000 working hours are required for the production of one medium-sized tank. Usually about 9,000 contractors participate in manufacturing the parts, and about 3,000 firms are responsible for the principal work. Naturally, these are the standards that apply in the world, but the new Yugoslavia's industry will also have to take into account, because we are resuming the production of tanks under new circumstances. Will all this pay off?

From 1982 to today, the price of one tank has increased by 210 percent. One modern tank costs several million dollars today on the world market. If one knows that new tanks are not added to arsenals in small numbers, then it is clear that by producing them at home Yugoslav industry will help the country's foreign exchange balance, especially since our tank is cheaper in comparison with similar vehicles produced in other countries.

With the sale to Kuwait, where a price of \$1.6 million per tank was achieved, Yugoslavia has stepped into the world market for armored vehicles. Pakistan, the United Arab Emirates, and Iran have appeared as new potential buyers, along with several other countries as contractors. Furthermore, by mastering the production of tanks, we free ourselves from imports, which is a strategic matter in times of crisis, the general technological level of Yugoslav industry is raised, and, which is most important, a new labor force is employed, and the dinar paid for the new arms remains within our country's borders. If one knows that the sale of 230 tanks to Kuwait was the best individual transaction that Yugoslav industry (that of what is now already the former Yugoslavia) achieved from 1945 to 1991, then the economies of Serbia and Montenegro have a beautiful chance to profit. In addition to the M-84A tank, the special commander's tank, and the rescue tank, the 14 October factory is also offering the domestic and world market an original trench digger (with remote control) for civilian and military use, and in the future, the new Vihor supertank. The 14 October factory is thus becoming the Yugoslav Chrysler.

Serbia

Democratic Parties To Form Election Coalition

LD1611182392 Belgrade TANJUG in English 1704
GMT 16 Nov 92

[Text] Belgrade, Nov 16 (TANJUG)—Serbia's democratic opposition parties, whose representatives met with Yugoslav Prime Minister Milan Panic on Monday [16 November], have agreed to contest the upcoming elections as a bloc with two lists of candidates, TANJUG learns. Serbia, together with Montenegro, forms the Federal Republic of Yugoslavia. Early parliamentary elections at the federal, republican and local levels have been called for December 20.

The Democratic coalition will be united on a minimum of program elements, which shall be coordinated at a later date, TANJUG learns unofficially. The opposition officials informed the prime minister that one of the lists would nominate candidates of the Democratic Movement of Serbia (DEPOS), and the other, candidates of Democratic Center parties rallied around the Democratic Party. This solution was indicated by political analyses and made necessary by a too short a time left for coordinating a single list, it was explained. The democratic coalition might put forth a single list in the local

elections, but the final decision will be taken after further consultations, it was learned.

The opposition parties were informed that Yugoslav President Dobrica Cosic would shortly present his own platform and view of the political situation, TANJUG learns unofficially.

The consultations continue on Tuesday.

Montenegro

Government Accused of Forming Political Police

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[Text] Podgorica, Nov 16 (TANJUG)—Slavko Perovic, leader of the opposition Liberal Alliance of Montenegro (LSCG), said on Monday [16 November] that this Yugoslav Republic had formed a special political police to wage special war against political opponents of the ruling party.

Speaking at a press conference in the republican capital Podgorica, Perovic said the police was stepping up its activity. On Saturday, the police, with the help of some paramilitary groups, blocked the road to Bijelo Polje, thus preventing the LSCG leadership and members from appearing at an election rally in preparation for early republican and federal elections scheduled for December 20, said Perovic.

"The blocking of the road, which is a criminal offense, took place in the presence of the police who did nothing to prevent it," he said. However, reports from the scene of the incident indicate that the police removed the barricades and arrested four people who had threatened to use arms to prevent the liberals from reaching Bijelo Polje.

The Liberals then refused to proceed to Bijelo Polje and returned to Podgorica, where they vented their anger by throwing stones at the republican parliament building and shooting in the air. Perovic blamed this incident on "provocateurs infiltrated among the liberals by the police."

Montenegro's ruling Democratic Party of Socialists (DPS) on Monday criticized the conduct of "a group of armed persons who blocked the road and prevented a LSCG promotion rally in Bijelo Polje from taking place," describing it as a threat to civil peace and democratic relations in the republic.

The DPS rejected the Liberals' accusation that it had had anything to do with the incident and urged that the culprits be punished as soon as possible. Commenting on the same incident, the opposition Socialist Party said that, if the authorities were unable to create conditions for a fair election campaign, "they should resign in time to enable the formation of a citizens' unity government which would ensure fair elections in Montenegro."